

FINANCIAL TIMES

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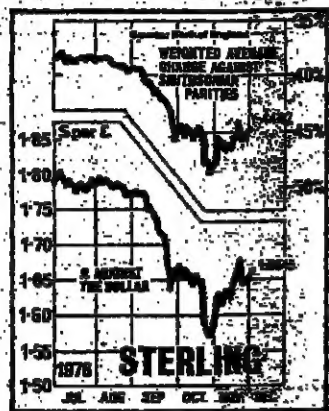
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NEWS SUMMARY

GENERAL
Giscard calls for 1977 summit
President Giscard d'Estaing, after talks in Pisa with Italian leaders, called for a summit meeting of the world's industrialised countries to discuss the economic and monetary situation.

BUSINESS
Sterling firm; gold up \$4
STERLING rose 15 points to \$1.6645; its weighted appreciation improved to 44.8 (44.3) per cent.



STERLING

Chinese Foreign Minister sacked

China's Foreign Minister, Chiao Kuan-hua, has been dismissed and replaced by Huang Hua, formerly ambassador to the UN, the New China News Agency said. The decision of the National People's Congress was unanimous. Mr. Chiao is understood to have been under attack privately for his political links with Mao Tse-tung's widow, Chiang Ching.

M1 accident

Eight vehicles were involved in a serious accident on the M1, which closed both carriageways between Rotherham and Sheffield. Flooding caused chaos on roads in Somerset, especially near Yeovil, and in East Angles, where farmers' fields were ruined. Schoolchildren were stranded when a bus was stuck in heavy snow in Northumberland.

Grundy suspended

Thames Television has suspended its chief executive, Bill Grundy, for two weeks because of the Today feature shown on Wednesday when four-letter words were used by the rock group Sex Pistols.

Video in court

Two magistrates have accepted video-tape of shoplifting as evidence in both instances, the shoplifters were spotted by an in-store closed circuit TV camera and the video-tape was played back in court. Page 11

Brezhnev promise

Mr. Jimmy Carter, the U.S. President-elect, is said to have been privately assured by Mr. Leonid Brezhnev, the Soviet leader, that the Russians will "go out of their way" to avoid any crisis in the early days of the Carter administration. Page 7

Dublin reshuffle

Mr. Liam Cosgrave, the Irish Prime Minister, has temporarily "taken over" responsibility for Defence in a Cabinet reshuffle while Mr. Patrick Dunne, the former incumbent, whose attack on President O'Donnell precipitated his resignation, is demoted. Military installed today. Page 4

Bank raid foiled

A raid led from the National Westminster Bank, Guildford, Surrey, after confronting Mr. Alan Grant, the manager, in his office with a sawn-off shotgun. Mr. Grant, a rugby referee, punched the man, who claimed to be armed with a bomb, and brought him down with a crash tackle outside a jeweller's 300 yards away.

Bath Spa protest

Polio victims, spastics and rheumatoid arthritis sufferers are to make a last-minute protest to the Government today, when Bath Spa's natural spring water centre closes, because it is uneconomical. Nato civilian personnel in Brussels staged a one-day strike to press for cost-of-living compensation and better equipment.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)		
Bank of Scotland	267	+
Barclays	266	+
Beaufort	236	+
Barton Group	35	+
Churchill Estates	118	+
Cheney (A.)	220	+
Common Bank	220	+
Glass	208	+
Great F. Estates	188	+
Hammerman	179	+
Haslemere Estates	266	+
Haydock Siderley	266	+
ICI (Chas.)	73	+
Met. West Bank	163	+
Property Hides	198	+
Robb	39	+
Robb-Coleman	371	+
Samuel	371	+

Tories in turmoil as Thatcher faces split on devolution

BY RICHARD EVANS, LOBBY EDITOR

The Conservative Party was in turmoil over the issue of devolution last night, and Mrs. Margaret Thatcher faced a substantial party rebellion after the Shadow Cabinet decision to oppose outright the Government's Bill setting up Assemblies in Scotland and Wales.

After warnings from Scottish front-bench spokesmen that they would resign if forced to use the Party line, and indications of revolt from some English MPs including Mr. Edward Heath, the Tory Leadership looked likely to turn a blind eye and accept that the Party is badly divided on the issue.

There is now a prospect that about 20 Conservative MPs will vote for the Scotland and Wales Bill when it comes to its second reading debate in the Commons the week after next, and others will abstain.

This means that with the help of Nationalist MPs and the Liberals, the Bill should get its second reading comfortably, despite a number of rebels and abstainers on the Government side.

But it still faces a tortuous committee stage lasting several months when the Government will have to make a number of concessions.

First indications of the worst Tory party split Mrs. Thatcher has faced came when five Scottish frontbench spokesmen met the party leader and Mr. Humphrey Atkins, Conservative Chief Whip, to urge a special dispensation to allow Mr. Alick Buchanan-Smith, Shadow Scottish Secretary, to abstain.

They warned that if Mr. Buchanan-Smith, a passionate devolutionist, was forced to obey

the three-line whip against the Bill, and quit the Shadow Cabinet, they would abstain and consider resigning from the Front Bench in protest.

Rather than face a running internal party battle that would dissipate the Opposition attack on the Government, the Tory leadership seems likely to accept the request, and allow Mr. Buchanan-Smith to abstain.

The pro-devolutionist Scots were Mr. George Younger and Mr. Malcolm Rifkind, both spokesmen on Scottish Affairs. Mr. Secretary of State, Mr. Harold Wilson, and Mr. John Corrie, the Scottish Whip.

In addition, there is Mr. Russell Fairgrieve, Chairman of the Scottish Conservative Party. The unknown element in the Conservative turmoil is the attitude that Mr. Heath, the former leader, will adopt. He is a convinced pro-devolutionist, and his friends believe he will either abstain or vote for the Bill.

The unknown element in the Conservative turmoil is the attitude that Mr. Heath, the former leader, will adopt. He is a convinced pro-devolutionist, and his friends believe he will either abstain or vote for the Bill.

There were protests about the decision at last night's meeting of the 1822 Committee when English MPs, led by Mr. Peter Blaker (Blackpool, South,

Leyland investment approved by Varley

By Terry Dodsworth, Motor Industry Correspondent

BRITISH LEYLAND'S controversial plans for a replacement Mini, expected to cost about £400m, have been formally endorsed by Mr. Eric Varley, the Industry Secretary, after a six-week appraisal of the costs and productivity commitments given by the company.

In a letter sent yesterday to the National Enterprise Board, British Leyland's major shareholder, the Department of Industry is believed to have stressed the importance it attaches to the agreements on productivity which the company reached with the unions in October. These points will be relayed to the workforce at a series of meetings today.

From that point, the company can embark on the buying programme for what promises to be the largest venture ever launched in the British motor industry.

This involves stripping the Longbridge plant in Birmingham, which employs about 25,000 men, for conversion to Mini production alone. At the same time a new body plant is being built nearby, at a cost of about £40m, and the Allegro assembly lines are being transferred to Senefé in Belgium. The target date for the launch of the new car is 1978.

The scale of this activity suggests that Leyland Cars is planning a considerably larger output for the new car than the present Mini.

Although no figures have been formally published by the company, senior executives privately admit that they are aiming for a capacity of up to 500,000 units a year, about the same as the output of the new Ford Fiesta which is made on three different sites in Europe. The Fiesta project cost Ford more than £400m.

Essential

Success with its new small car is essential if British Leyland is to establish itself as a sound, self-financing enterprise as foreseen in the Government rescue plan. The company needs to maintain its position in the small car market if it is to continue in its present shape.

This need to protect its market share is one of the reasons why the NEB backed the Leyland plan in spite of some reservations about the new vehicle's profitability. Returns on small cars are generally low, and Board members, accustomed to higher profits in other industries, had some doubts on these grounds.

But it is stressed that the figures are defensible in terms of profitability. The pound's strength reflected in large part the foreign exchange market's confidence that the U.K. would secure a loan from the IMF with an associated package of economic measures and that there was also an end

U.K. to repay \$1.6bn. loan on Thursday

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN WILL repay its \$1.6bn. drawings on the central bank standby facilities next Thursday, as planned, out of reserves which stood at \$5.16bn. at the beginning of the month.

The U.K. official reserves rose by \$453m. during November after foreign currency borrowings by the public sector, of \$604m. There were no further drawings on the central bank standby.

The announcement made little impact on sterling which consolidated its recent advance—closing 16 points up at \$1.6645, after a day's high of \$1.6715. The pound has risen 1.6 cents so far this week.

The intended repayment of the standby drawings on the due date next week means there is likely to be a gap of at least a month before the first instalment of the \$3.9bn. loan from the IMF is received, assuming there are no further delays in the timetable for agreement.

Repayment will reduce the reserves to just over \$3.5bn. — by far the lowest total for more than five years.

The authorities clearly believe that this will be more than sufficient to cover any outflow during the period.

Outflow

The scale of the pressure on sterling this year is indicated by the fact that after the repayment the reserves will have fallen by \$1.57bn. since last December.

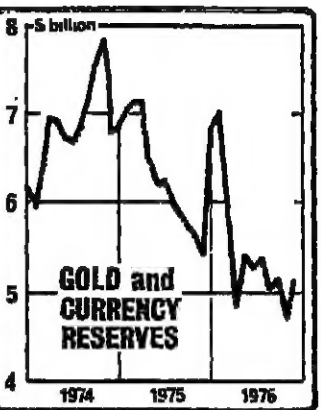
This is despite borrowings overseas of \$3.2bn. by the public sector and drawings of almost \$2bn. from the IMF. So the total outflow so far this year will have been about \$7bn.

A relatively encouraging feature of the latest reserve figures is that the underlying fall of \$1.5bn. after adjusting for the public sector borrowing is the smallest since last February.

After taking account of the continuing high current account deficit and the normal transactions for Government departments and other central banks, the small size of the decline inevitably raises the question of whether the authorities were selling sterling and buying dollars during part of the month in order to push up the reserves.

There was the opportunity for this to occur since apart from a couple of short-lived hiccups the pound was relatively firm for most of November. Sterling started the month around the \$1.58 level and closed just over \$1.65 after a high of \$1.68.

The pound's strength reflected in large part the foreign exchange market's confidence that the U.K. would secure a loan from the IMF with an associated package of economic measures and that there was also an end



GOLD and CURRENCY RESERVES

in sight in the problem of the sterling balance.

The market's judgement on the IMF terms and the Government's economic measures, will clearly be critical, and the need to ensure international confidence is clearly a major factor in the present discussions in Whitehall.

A major factor in maintaining the reserves at their present level has been the heavy programme of borrowings by the public sector under the exchange cover scheme, under which the Treasury protects a nationalised industry or other public body against any exchange loss on the loan.

Last month's public sector borrowings of \$604m. were the largest this year and included \$500m. raised by the Electricity Council, a net \$72m. bond issue by the South of Scotland Electricity Board, and a \$32m. loan for the National Coal Board.

On the same day that Britain will repay its central bank standby drawings, it is due to receive \$453m. from Italy in repayment of a short-term loan.

This will aid the liquidity of the reserves though it will not make any difference to the total since, under the 'conventional' practice, such a short-term loan is already counted as part of the reserves.

The reserves will anyway be boosted over the next six months as a result of the recent move to stop banks lending sterling overseas to finance trade between third countries.

Mr. Denis Healey, Chancellor of the Exchequer, estimated in the Commons on Tuesday that this would produce an improvement of \$500m. (about \$650m.) in the capital account next year.

£ in New York
— Dec. 2 Previous

	£1,000,000	\$1,000,000
1 month	1.321.48	1.291.48
3 months	1.324.38	1.294.38
12 months	1.326.25	1.296.25

Britain plans active role in Rhodesia government

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

THE BRITISH Government is ready to play a direct role in the transitional Government in Rhodesia although the nature of this British presence would depend on the structure of the interim Government.

Mr. Anthony Crosland, Foreign Secretary, gave this clarification of Britain's role yesterday in a written answer to Mr. John Prescott-Labour MP for Kingston-upon-Hull East.

Mr. Crosland said that the objective of Mr. Ivor Richard, the British chairman, was to secure an early agreement on the structure of the interim Government. Formal meetings on this had started.

"For their part Her Majesty's Government are ready to play a direct role in the transitional Government if it is the general view that this would be helpful. The nature of this British presence would, of course, depend on the structure agreed for the interim Government," Mr. Crosland concluded.

David Egli writes from Geneva: Rhodesian nationalists are sharply divided on the role that

accelerate the process of decolonisation. They had asked for a resident commissioner with the formal functions of a Governor in a dependent territory but with certain specific limitations on his powers to meet the exceptional situation of Southern Rhodesia.

The ZANU party of the Rev. Ndabaningi Sithole apparently is against any British presence in Rhodesia. Having failed to get a firm undertaking from Mr. Richard that Britain would be prepared to assume an active role, the delegation of Mr. Sithole has concluded that it would be better if Britain stayed away altogether.

We have no reason at all why the British should crawl in through the back door," Mr. Kasire Malindi, delegation leader, said after the meeting.

Bishop Abel Muzorewa believes that there will have to be a British presence during the period of the interim Government and he sees this not only as a constitutional appointment, but also as an appointment "to

Continued on Back Page

Fishing zone claim ignored

BY ROBIN REEVES

THE EUROPEAN Commission today sent the EEC capitals proposals for interim common fisheries arrangements to operate after 200-mile fishing limits are adopted by the Nine from January 1. But they ignore British and Irish demands for exclusive zones up to 50 miles and allocating fishing rights to a stormy session is possible.

The Council of Ministers, when the question of exclusive national zones will be the major subject on the agenda.

In keeping with its original guidelines, the Commission proposes combining exclusive zones to the present six to 12 miles and allocating fishing rights inside the 200-mile limits on the basis of quotas.

The only concession to Britain and Ireland is a slight enlargement in quotas to take account of the special position accorded to the Irish fishing industry, and to communities dependent on

tonnes, will continue to refuse to recognise the EEC's 200-mile limit.

They note that the Soviet Government has signed a framework agreement on fishing with Norway, thereby recognising its 200-mile declaration, if not, as yet, the Community's.

But they are worried about the pressure being exerted on the Norwegians by such means as "rest fring" into the Norwegian part of the Barent Sea. The potential for Russian and Nato fishing disputes developing into military confrontation is obvious.

The EEC is ready to negotiate a fishing agreement with the Russians. But given that the Soviet Union has little to offer in return, any agreement will inevitably involve a gradual phasing down, if not phasing out, of Russian trawlers in EEC waters.

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Cinema

Chinese freedom

by NIGEL ANDREWS

"What is truth?" asked Jesus. The answer, of course, is that it is not. But the same question, and staying patiently for an answer, even if it is a long one, is asked by the Chinese filmmaker Jia Zhangke in his new film *Blue Sky*. The film, which is a hybrid of documentary and fiction, is a portrait of a young man, a factory worker, who is struggling to find his place in a world that is changing so rapidly. The film is a masterpiece of Chinese cinema, and it is a must-see for anyone who is interested in the Chinese Revolution.

A leviathan of a documentary has just arrived at the Other Cinema in Tottenham Street and raises these questions anew. How did the Chinese Revolution come about? What was the role of the Chinese people? What was the role of the Chinese government? The film is a masterpiece of Chinese cinema, and it is a must-see for anyone who is interested in the Chinese Revolution.

his sergeant (for not being rigorous enough in training), how the schoolboy can criticize his teacher. By thus dissipating protest in small puns of local dialect, the film actually ensures that no one test gets up to threaten to take the lid off the system as a whole.



Marceline Lorian and Joris Ivens

recent estimate of China's population of political prisoners put the figure at 16m. And for the fact that political prisoners in China need not expect to enjoy five-star hospitality we have the vivid recent testimony of our own companions George Watt and Anthony Grey. Ivens and Lorian tell us they received permission to visit any part of China: they wanted, except for nuclear plants. Did they visit, or ask to visit, prisons and labour camps? If they did, none of their experience has survived on celluloid. Instead we have an endless gallery of indefatigably smiling peasant faces testifying to the improvement in their work conditions (in the factories they don't have

leaped to their feet to acclaim these films is astounding. Who would have thought there were in London, especially in the free-dom-loving hearts of my fellow film critics, such unexplored depths of enthusiasm for a society in which censorship flourishes as almost nowhere in the Western world; in which homosexuality, adultery and most other forms of extramarital sex are punishable offences; in which there is no constitutional bar to imprisonment without trial; in which a person's early life is mapped out for him by the State almost from birth (including a compulsory period of "re-education," or even work, after he leaves school); and in which there is virtually no freedom of movement in and out of the country, and precious little within it?

China has created a machine for social oppression as totalitarian as any in the world to-day: and it is fascinating to see how the Chinese are quick to take the moral line. Last month's film on Winifred Wagner—that acquiescence in totalitarianism is often as culpable as open support—are ready to turn the blindest eyes to the political enormities which prop up the skin-deep serenity of Chinese society as depicted in these films.

New York ballet

After All

by DAVID VAUGHAN

John Curry has made it quite clear that he does not intend to stop at being the world's champion male figure skater; his aim is nothing less than the establishment of skating as an independent art form. London will soon see his "theatre of skating" show, and New York was given a preview at "Super-skates III," a recent performance by "past, present, and future Olympians" at Madison Square Garden. In that vast arena, skating is usually seen as sport—ice-hockey—or popular entertainment—the icecapades—but what Curry presented was altogether more austere, the first of a series of collaborations he plans with ballet and modern dance choreographers. After All, arranged for him by Twyla Tharp to a trumpet concerto by Albinoni.

The choice of Tharp was a brilliant one, since she could be relied on to discern precisely what qualities are peculiar to skating and to demonstrate and define those qualities rather than merely putting dance movements more or less clumsily on ice, as most skaters do when they attempt to be "artistic." Though the ballet-lover—and dancer—may admire and envy the ease with which skaters take off, turn around three times and land on balance in arabesque, they also are bound to notice how clumsy the skaters' feet look in the air, how unstretched the knees, how ungainly the port de bras.

Curry's extraordinary gift is his combination of balletic form of great purity with the virtuoso skater's speed and ability to eat up space, so that one sees that the poetry of skating is in its stillness and the essential solemnity of the performer. Tharp used all these qualities, especially in the adagio where for long stretches Curry simply glided around the rink in an erect posture, almost as though communing with himself. In the opening allegro Tharp exploited the skater's ability to make sudden changes of direction, swift accelerations, and multiple pirouettes with no apparent preparation, stopping on a dime, combined with such typically

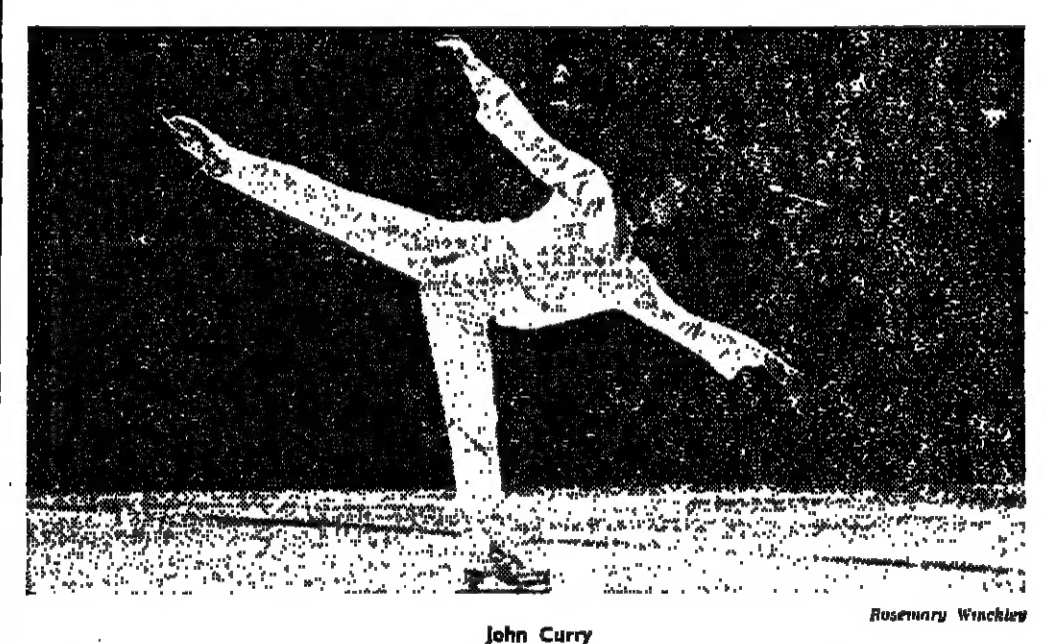
Tharpian motifs as twists and turns that spiral down the body and up again like the pattern on a barber's pole. The audience adored *After All*, and not just because Tharp and Curry are two of the hottest things around just now—one felt that they got the point. Tharp's appearance in a duet with Baryshnikov at an American Ballet Theatre gala last summer might be thought an equally safe bet, yet it badly misfired. Any assumption that the duet was a mere throwaway, however, would be erroneous. Rather, it was apparently a manifestation at an interim stage of material she has been working on, which subsequently surfaced again in *Country Dancing*, given by her own company in Berlin, and then reappeared in what may or may not be its definitive form as a new work put on by the Joffrey Ballet in its recent season, under the title *Happily Ever After*.

Tharp's creative process, in other words, is not unlike that by which amoebic cells reproduce themselves; her word for it is "recycling." Her preoccupation with the material of her dances and with the continuing metamorphoses it undergoes—both within an individual work and as one work becomes another—marks her out as a deeply serious choreographer, a fact sometimes obscured by the sheer entertainment value of her pieces.

Another revelation was afforded by a recent programme, "The spirit of Donizetti," presented by Joyce Trisler's Danscompny, consisting of reconstructions of dances by Ruth St. Denis, Ted Shawn, and Doris Humphrey. The dances were charming, sometimes almost quaint—St. Denis's *Les Sylphides*, movingly danced by Nancy Chaharian, was considerably more than that—but the importance of the evening was as a living demonstration of dance history. One saw clearly, for instance, where much of Graham's movement, particularly for men, had its origin. Through such lessons as these, contemporary dancers and audiences can gain a real understanding of the nature of the revolution that began in the early years of this century.

Coupe and *Push Comes to Shove* (for American Ballet Theatre), is absolutely of today. It was superbly danced by herself (on opening night) and her company, by the four men from the Joffrey who supported Rose Marie Wright in the final section, and by Ann Marie de Angelo, who triumphantly carried out the seemingly impossible assignment of taking over Tharp's own solo. For various reasons, people are becoming more keenly aware of the value of the American past, and this includes modern dancers, who for so long have mediated the rejection of even the immediate past a cardinal principle. None too soon, greater effort than ever before is being made to retrieve works from what is becoming known as the "classic modern dance." Anna-belle Gamson, for instance, has learned dances by Isadora Duncan from Julia Levien, who danced with Anna and Irma Duncan. From these one may see that Duncan's most liberating and consequential discovery was her acknowledgment of the power of gravity, present even in her lyrical dances to Brahms and Chopin waltzes. One cannot help wondering if Fokin actually saw the 1905 dance to Chopin's *A major Prelude*, which with its drifting runs and listening gestures could be a sketch for his choreography of the same piece in *Les Sylphides*.

Tharp's new ballet, like *Deuce*



John Curry

Wigmore Hall

El Maestro

by RONALD CRICHTON

This recital of music for voice and vihuela was named *El Maestro* after the subtitle of Luis Milán's collection of vihuela music, published at Valencia in 1550. It is one of seven printed volumes of the 16th century which contain what has survived of the vihuela repertoire. The Spanish type of lute popular at the time of Philip II. Or, more accurately, we were told during the evening that an eighth collection, in manuscript, has recently been unearthed in Spain. Each of the seven printed volumes was the responsibility of one composer, and contains songs and instrumental pieces (fantasias, variations, dances) by the compiler, or transcribed from other sources, not "exclusively Spanish." There is no regret that this is one book. The other compilers were Mudarra, Narváez, Valdecarlos, Fuenllana, Pisador, and Daza—one or two of the names are known to those who hunt guitar recitals and other occasions where old music is performed. The vihuela has six strings and an elongated body with a shallow in-curve, like a guitar that has changed its mind. Apparently few originals have survived (why were they played to bus or victims of his, of Spanish destructiveness?). Barry Mason used two modern reconstructions, one plain, the other handsomely decorated, and varied their use to four good effect. He and the singer, Glenda Simpson, studied Renaissance music under David Mun-

Elizabeth Hall

Bournemouth Sinfonietta

by MAX LOPPERT

Eduard Melkus was the guest director and solo violinist of Wednesday's Bournemouth Sinfonietta concert. As well as leading (from the violin) performances of Mozart's *Serenade in C* (K.209/214), the Beethoven *Symphony No. 5*, and Haydn's *Symphony No. 104*, Mr. Melkus played Schumann's violin concerto. Having earlier led the Sinfonietta programme notes on the work with its talk of "formless movements," he was moved, before it began, to offer a spirited verbal defence of the work's formal strengths—as well as of its melodic beauties. The performance, full of expansive romantic sweetness in the phrasing, was however, a sufficiently well-tuned and carefully co-ordinated with the orchestra to provide an uninterrupted strong argument for his case. (An odd feature was the way

Mr. Melkus took much of the solo line—at least as recorded in the Schumann performing version of the score—an octave higher, to sometimes strange effect.) Mozart was the early Serenade in C (K.209/214), the Beethoven the robust, delightfully earthy *Symphony No. 5*. The Bournemouth orchestra is not a virtuoso band, and good use was often a substitute for mellifluousness; yet there was a naturalness about the playing, infinitely preferable to headless polish. The effect of player-symphony was to rob the music of some of its particular strangeness (what a strange and wonderful combination of wit, formal daring, and passionate feeling!)—but at the same time to give full expression to its melodic beauties.

Covent Garden

Makarova in Voluntaries

by CLEMENT CRISP

There are occasions in the theatre when the critic's words become more than unusually inadequate to convey anything but gratitude. Just so on Wednesday, when Natalia Makarova appeared for the first time in Glen Tetley's *Voluntaries*. The cheers that burst out before the curtain had fallen suggested how profoundly her performance had moved the audience, but faced with the matter of doing some sort of honour to her interpretation critical analysis becomes an act as unwise as it is difficult. To say that she brought the full force of her phenomenal physical presence to her role is to state the obvious about an artist uniquely gifted in illuminating whatever she touches. In part, the grandeur of her readings, its dignity in grief, lies in her ability to dance at the very heart of a role; to focus her powers with an absolute

sureness on the choreography. In part it is a matter of style: aristocracy of schooling allied to a sensitivity of phrasing, and complete technical command. These may seem the mechanics of interpretation, but on a first level of appreciation her reading of the central role in *Voluntaries* was glorious in its expansive legato—long paragraphs of dancing flowed seamlessly. And colouring the dance, inspiring it, was the crucial image of the ballet itself which treats of sorrow and bereavement, and this Makarova understood, and this Makarova showed to us. Admirably partnered by David Wall (the casting was otherwise as at the ballet's Opera House premiere), Makarova seemed the embodiment of everything the ballet has to say. It was a performance of great and heart-stirring beauty, and words, other than immense gratitude, are mere words.

Art news in brief

As part of the celebrations for the Queen's Silver Jubilee next year, Southern Television is offering a £500 prize for the best hymn of thanksgiving commemorating the event. It is planned to select 24 hymns to be broadcast in a series of programmes in spring 1977, with the six best hymns competing in the final programme. It is hoped that the winning hymn will be used in the Jubilee celebrations. As well as a £500 first prize, there will be awards of £150 and £100 for the second and third winners. The closing date for entries is January 7, 1977. Entry forms and further details are available from: Jubilee Hymn Contest, Southern Television Limited, Southern Television Centre, Northern, Southampton, SO9 4YQ.

Twenty-five years after the Festival which lifted Britain from post-war austerity, the V & A celebrates its remaining artifacts; the work of the people who planned and achieved it; and looks at its effect on Fifties design and architecture. The exhibition, *A Taste to the Nation*, which has drawn items from all over Britain, shows how the 1951 Festival of Britain began, how it was achieved, and how the whole country joined in producing this memorable event. An illuminated model of the Skyline towers over the central exhibition area. Just as the real Skyline dominated the South Bank, other items include a John Piper mural, a three-dimensional collage depicting the Festival design, and a wealth of photographic material.

Three theatre casualties for Christmas

The ICA theatre, which announced its impending closure yesterday, is the third fringe theatre to shut this winter. The Theatre at New End is already dark, and its owners have put it on the market. The Square One in Edgware Road is to close, short of a miracle, when its current production, *In the Room Room Room*, finishes. The ICA is to close on December 24 at the end of the current programme. All three have automatically laid the blame on the Arts Council. In the case of the New End and the Square One, the accusation is hard to sustain; both theatres were opened without official consultation on the responsibility of the managers. If preliminary inquiries had been made from the Arts Council as to what degree of assistance might be expected, no doubt an appropriately chilling reply would have been received. As it happens, the respective records of these two houses are creditable in the highest degree; but it is hardly acceptable that theatres can be opened on spec and then expect public support when it turns out that the estimated revenues are inadequate. All right for the affluent, but beyond hope for the indigent seventies.

The case of the ICA is slightly different. The ICA, which re-

LIQUID AIR CORPORATION

The Board of Directors of Liquid Air Corporation of North America, today increases the Quarterly Dividend from 30 cents to 35 cents per Common Share.

The Fourth Quarter Dividend declared today by the Board in the amount of 35 cents per Common Share is payable on December 17, 1976 to shareholders of Record December 6, 1976.

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EUROPEAN NEWS

Danish Government avoids collapse and freezes pay

BY HILARY BARNES

COPENHAGEN, Dec. 2

THE MINORITY Social Democratic Government today succeeded in resolving the Parliamentary crisis which erupted last week as a result of a strike of oil and petrol lorry drivers, but was immediately faced with a forecast of recession and rising unemployment in 1977.

In order to stop the wave of unofficial strikes which has swept the country this autumn, the Government and four opposition parties have agreed to impose a three-month price freeze, a rent freeze, and they will pass a law invalidating any wage increases obtained as a result of unofficial strike action. The measures are intended to prevent the collapse of the Government's incomes policy. This is designed to limit the increase in incomes in 1977 and 1978 to 5 per cent a year. The policy will be implemented when new collective wage agreements are concluded in the spring, but the unofficial strikes this autumn, which culminated with the tanker drivers strike, have threatened to make nonsense of the incomes policy before it got off the ground.

The political crisis arose when the Government and four smaller parties which normally support it, failed last week to agree on measures to stop the strike. Under the pressure of the trade unions, the Government went back on an agreement which would have made unofficial strikers subject to fines in the civil courts. In addition to the proposed price freeze will allow manufacturers to pass on increases in imported raw materials, and half the increase in costs of imported semi-manufactures, but it will prevent them from passing on any wage increases which are not obtained in accordance with the current collective wage agreements. The price freeze and the other measures will receive their first reading this evening, and will be rushed through their second and third readings tomorrow.

Meanwhile, a gloomy forecast for 1977 by the chairman of the Economic Advisory Council, in a report published here, states that the gross national product will rise by only 1 per cent next year, after increasing by 5 per cent this year, with private consumption also rising by only 1 per cent, housing investment falling by 25 per cent, other private investment rising by 21 per cent, public sector investment by 3 per cent, and exports by 7 per cent. Commodity imports will rise by only 0.5 per cent, after an increase of 17 per cent this year, and unemployment will rise from about 54 per cent of the total labour force to 61 per cent.

Although the forecasts for 1977 are dismal, looking over the period till 1980, the chairman believes that, with unchanged economic policies, the country can reduce its rate of inflation from 81 per cent this year to about 3 per cent by 1979, and cut the current balance of payments deficit from Kr.10bn. this year (about 4 per cent of GNP) to about Kr.3bn. in 1979. They forecast that, over the period, the country will have an average GNP growth of 4 per cent a year, and that unemployment will gradually fall to about 4 per cent in 1980.

EEC food aid to Lebanon proposed

THE EEC Commission yesterday proposed that the EEC should send food aid worth more than 10m. units of account (\$12m.) to Lebanon. Rauter reports from Brussels. A commission spokesman said the proposed aid would include 20,000 tonnes of cereals, 1,300 tonnes of skimmed milk powder and 1,500 tonnes of butter oil.

Left-wing queries Fiat deal

The sale to Libya of nearly 10 per cent of the stock in Fiat SPA provoked Left-wing demands yesterday for a Parliamentary debate on the deal. AP-DJ reports from Rome. But the business community's confidence in the deal was demonstrated when Fiat stock jumped more than 30 per cent to 2,100 Lire at the opening of the Milan Stock Exchange, and the Brokers Committee suspended trading.

No Paris papers

Paris will be without newspapers today as printing workers protest at an Appeals Court decision upholding an expulsion order against strikers occupying the printing plant of the daily paper, *Parisien Libre*, since March 1975. Rauter reports from Paris. The printers' union called the 24-hour strike and said it would stop the press immediately should police try to expel *Parisien Libre* workers following last Tuesday's court ruling.

Dassault case

A Paris real estate agent, M. Jacques Fourmet, was charged yesterday with conspiring to conceal the whereabouts of M. Jean Kay, alleged recipient of Frs.8m. (\$16m.) embezzled last July from the millionaire aerospace manufacturer M. Marcel Dassault. UPI reports from Paris. M. Fourmet was released on bail after being charged. He is accused of flying to Piraeus, Greece, in October and attempting to obtain a yacht, which M. Kay had ordered in August.

Changes in Poland coincide with ambitious new plan

BY CHRISTOPHER BOBINSKI

WARSAW, Dec. 2

IT WAS revealed here today that Mr. Stefan Olszowski, the Foreign Minister, and Mr. Alojzy Karkoska, vice-premier responsible for industry, were to leave the Government and return to the party apparatus. Secretaries of the Central Committee. The new Foreign Minister, official sources state, is to be Mr. Emil Wojtaszek, at present Minister of the Environment, but at one time vice-minister in the Ministry of Foreign Affairs.

The decisions come with the close of the fifth plenum of the Central Committee, and a session of the Polish parliament sitting today to discuss the new five-year plan. At the session, Premier Mr. Piotr Jaruzelski presented the new plan which will run till 1980, in which growth in national income should be 40 to 42 per cent, and industrial production should rise by 48 to 50 per cent. Agricultural production will rise by 16 to 19 per cent, as one of the aims is to import only 5m. tons of grain by 1980, as opposed to 8m. tons of grain and seed imports needed this year. The new plan devotes a quarter of the national

income to investments, as opposed to one third in 1971-1975.

It is thought that today's parliamentary session will bring further personnel changes. Warsaw party organisations. First Secretary Mr. Jozef Kupa, Central Committee Secretary responsible for the economy, Mr. Jan Szydlak, and first deputy chairman of the planning committee, Mr. Kazimierz Securak, will all become deputy premiers, and thus the first two will leave the party apparatus. The Minister of Chemical Industries, Mr. Maciej Witowski, will take Mr. Securak's place, and Miss Maria Milecinski will become Minister of the Environment. Mr. Jerzy Gawrysiak will lead the Ministry of Internal Trade. The full account of Mr. Jaruzelski's plenum speech yesterday shows him re-assuring Poland's private farmers that their holdings are secure, a belief which has recently been undermined by the practice of many areas of secretaries of local authorities refusing to sell state land to private farmers. As for the workers, he said "we want the trade unions to become

real representatives of the workers' interests, and that the unions should "know people's moods, and be able to mould them."

Some anxiety has been raised by the Polish leaders' reference to right-wing West German circles who "cultivate dreams of returning to our Polish land." This unusual return by the Polish leader to the language of the 1930s would suggest that the need for some kind of traditional separatist is becoming apparent. Speeches at the plenum revealed no clear line as to what is to be done, although many speakers showed that they are aware of the problems of convincing people of the achievements of the past six years, while shortages are still apparent. One from the Poznan Gdansk works said that getting people to undertake additional production tasks, in honour of the forthcoming trade union congress, took place in a difficult climate. The Lodz first secretary, Mr. B. Koperski, said that the talks the party was having with workers, in which no subject was taboo, were fruitful but, "as we all know, not easy."

Tension remains as Hillery is installed

By Giles Merritt

DUBLIN, Dec. 2

THE INAUGURATION tomorrow of Ireland's sixth President, Dr. Patrick Hillery, will be a quiet and decorous affair. But underlying the pomp of an ecclesiastical religious service and the ceremony of trumpet fanfare and 21-gun salute at Dublin Castle, there remains political controversy and tension.

The Irish Attorney General will try to win all state buildings, and the Government will host a reception in Dr. Hillery's honour, but the attitude of Mr. Liam Cosgrave's Fine Gael-Labour Government to the new head of state shows less political warmth than patriotic warmth.

Dr. Hillery, the opposition Fianna-Faill party's candidate, was "elected" to the Presidency without any poll being held because the Government chose to avoid putting up a candidate, for fear of further aggravating the row triggered by Mr. O'Donoghue's walkout. Dr. Hillery was, until this week, Ireland's "outgoing" EEC Commissioner. The Government having decided earlier in the year to sack him from the post.

Portugal Socialists hold firm

BY PAUL ELLMAN

LISBON, Dec. 2

THE RULING SOCIALIST Party in Portugal today appeared to have gained a significant victory over the Communists in the battle over land reform in the Alentejo region. The Communists were showing all the signs of temporary political confusion, following the announcement yesterday by the Agriculture Minister, Sr. Antonio Barreto, that he was suspending state credits to co-operative farms.

Suspension came in direct retaliation for sieges which the Communist dominated Farm-workers' Union has organised of farms which have been returned

to dispossessed former owners. For the first time in a month, the front page of the Communist party newspaper *O Diario* was not dominated today by a leading article accusing the Government of trying to destroy the Agrarian reform programme.

In a story tucked away at the bottom of the back page, the party's daily reported that the mobs besieging the four farms affected in the Alentejo had been reduced to nominal pickets, and that a delegation of workers was coming from the area to Lisbon to seek clarification of the situation from Government officials. The Communist leadership has

found itself temporarily outmanoeuvred by the Socialists, although there is still no guarantee that it will not retaliate by wielding its industrial union power in the run-up to the crucial local elections scheduled for December 12.

To emphasise its determination to meet the Communist challenge, the Government has reinforced National Guardsmen in the Alentejo with armoured Land Rovers, while Army helicopters have been deployed in a show of force over the co-operatives whose workers have provided the demonstrators against Government policy.

W. German new orders drop 3%

BY ADRIAN DICKS

BONN, Dec. 2

WEST GERMAN industrial production rose in October by 2 per cent, but the chronically sluggish building industry showed a 3 per cent rise.

Against this background, the Economic Ministers of the 11 States, meeting here today, came down in favour of policies to underpin long-term growth of the type suggested to the Federal Government last week by its panel of independent economic advisers.

The production figures showed a generally favourable picture during October. Output by consumer goods industries increased by 3.5 per cent and that of capital equipment industries by 3

per cent. Basic and semi-finished goods production was down by 1 per cent, but the chronically sluggish building industry showed a 3 per cent rise.

On a two-monthly comparison, the September-October figures also showed a 2.5 per cent increase in total production. In July-August, while there was a gain of 5 per cent on September-October last year.

In spite of this evidence of continuing advance, the growing debate on whether time has come for some degree of stimulus to be provided to the economy is likely to be influenced more by the declining trend in new orders (a finding that tends to support

the rather gloomy survey of the state of business confidence published by the Ifo Institute earlier this week).

The slowdown in new orders affected all major industrial sectors during October, the Economics Ministry reported today. The statistics supported the view by the state ministers to the proposals of the "five wise men" - the importance of the voices now openly disagreeing with the Social Democratic-Free Democratic coalition's official judgment that no stimulus is needed to safeguard the gradually decelerating West German economic recovery.

Gaullists name Paris candidate

BY DAVID CURRY

PARIS, Dec. 2

THE INCREASING hostility to the policies of President Giscard d'Estaing from the Gaullists, who form the largest component of the ruling coalition in France, has forced into open revolt over the issue of nominating a candidate for the mayoralty of Paris.

Rather than give his blessing to one of the men from the Gaullists or his own Independent Republican Party already deeply engaged in the affairs of the capital, Giscard has nominated a personal and political friend, Michel d'Ornano, the Minister of Industry, whose municipal experience is confined to 16 years as mayor of the Normandy resort town of Deauville.

After three weeks of brooding over their injuries, the Gaullists have now announced their own candidate for the job, in the shape of Christian de Malesherbes, who is in charge of the Paris budget. Is an orthodox UDR member of Parliament, and is head of the Gaullist delegation to the European Parliament.

Control of Paris will be the chief prize to be won in the municipal elections next March, the more so because for the

first time the Paris council will enjoy the same powers as other city councils in France. Till now it has played a very subordinate role, with real power being exercised by the local prefect.

At the moment the Gaullists, the largest group on the council, having 38 members, are the main force behind the bid to elect de Malesherbes.

The betting is marginally that it will not. M. Chirac has shown signs of reconciling that he is condemned to co-operate with the Giscardians to stop the union of the left having a clear run of power.

Zhivkov seeks Soviet aid

BY PAUL LENDVAY

VIENNA, Dec. 2

BULGARIA'S REQUEST for more Soviet aid, and Soviet policy in the Balkans, are likely to be the main subjects during the Bulgarian-Soviet talks in Moscow, according to Yugoslav sources.

Bulgarian President and party leader, Mr. Todor Zhivkov, flew without prior announcement to Moscow today. Faced with a growing burden of servicing a foreign debt, now rumoured to be more than \$2bn., Bulgaria needs the Soviet assistance to finance its ambitious 1976-80 five-year plan. As the growth rate of the national income is expected to be 8.4 per cent a year, the pace of Bul-

garian economic expansion will depend on the degree of Soviet aid. The Soviet Union accounts for 56 per cent of Bulgarian foreign trade.

The USSR helped to finance the construction of 120 plants during the past five years. Bulgaria sent 7,000 workers, who are engaged in the timber and pipeline construction industries to the Soviet Union.

It is also understood that the Bulgarians are keenly interested in the Soviet aid. Recent talks with the Yugoslav and Romanian leaders. The Yugoslav side is reliably reported to have brought up the matter of disputed Macedonia.

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Harmony Gold Mining Company Limited

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The board of directors of Harmony Gold Mining Company Limited announces that boreholes V1.1 and V1.2 on the farm Vermeulenstreek No. 223 have been completed. The results from the original intersections and subsequent deflections made in each borehole are tabulated hereunder:

BOREHOLE V1.1

Reef	Intersection	Borehole depth metres	g/t	Gold Width cm	cm g/t	kg/t	Uranium Width cm	cm kg/t
See Note 1	Original	1.438	2.19	80.3	203	0.026	80.2	2.20
	Original	1.478	1.80	29.1	29	0.060	29.1	1.75
	Original	1.515	4.23	99.1	419	0.074	99.1	7.37
	1st Deflection	1.513	8.21	84.4	693	0.144	84.4	12.13
Average	2nd Deflection	1.513	7.80	83.8	637	0.134	83.6	11.22
	(3 intersections)	1.513	5.83	59.4	583	0.115	59.4	10.24
	1st Deflection	1.529	21.18	72.7	1.540	0.147	72.7	10.66
	2nd Deflection	1.528	29.54	77.7	2.285	0.296	77.7	22.98
See Note 2	3rd Deflection	1.536	18.35	76.4	1.479	0.235	76.4	17.96
	Average (4 intersections)		31.16	76.6	1.800	0.218	75.8	16.50

Notes: 1. This borehole intersected low gold and uranium values within conglomerates of the Kimberley Series but no recognisable "A" or "B" reefs were encountered.
2. As a result of core loss in the original Basal reef intersection, a third deflection was made.

BOREHOLE V1.2

Reef	Intersection	Borehole depth metres	g/t	Gold Width cm	cm g/t	kg/t	Uranium Width cm	cm kg/t
"A" Borehole	Not intersected	See Note 3						
	Not intersected	See Note 3						
	See Note 4							
	Original	1.911	2.13	206.3	439	0.049	206.3	10.10
Upper Channel	1st Deflection	1.913	4.23	206.6	874	0.088	206.6	18.10
	2nd Deflection	1.911	2.34	188.1	478	0.058	188.1	10.59
	3rd Deflection	1.910	4.39	188.9	834	0.072	188.9	13.74
	Average (4 intersections)		3.32	197.7	656	0.067	187.7	12.23
Lower Channel	Original	1.912	3.17	83.7	265	0.052	83.7	4.37
	1st Deflection	1.914	4.87	115.2	561	0.072	115.2	8.31
	2nd Deflection	1.912	4.58	102.3	270	0.058	102.3	5.65
	3rd Deflection	1.911	4.24	98.6	418	0.054	98.6	5.36
Average (4 intersections)								

Notes: 3. Numerous intrusives were encountered at the depth where the borehole should have intersected the Kimberley Series conglomerates.
4. A composite Leader/Basal reef was intersected at a borehole depth of 1.911 metres. This borehole is therefore closed to the sub-outcrop of the Basal reef.

Johannesburg, 3rd December, 1976

EUROPEAN NEWS

Spanish PM is faced by test over Communists

BY ROGER MATTHEWS

MADRID, Dec. 2

PRIME MINISTER Sr. Adolfo Suarez to-day contemplated his response to the challenge of negotiations with the Communist Party thrown down in a united opposition statement last night. At the same time, the Spanish Press claimed that the Soviet Union had started manoeuvring to keep Spain out of Nato, a prize of western respectability long sought by Madrid.

The immediate domestic test for Sr. Suarez's democratic intentions came with the swift agreement among a wide range of opposition parties to select a team to negotiate with him on the guarantees they require for the December 15 referendum, and for the general elections promised for before next summer. The ten, to be named at the weekend, will include a Liberal, a Social Democrat, a Christian Democrat, two Socialists, a Communist, a representative from each of the regions of Catalonia, the Basque provinces, and Galicia, plus a trade unionist. Sr. Suarez indicated at a meeting with Christian Democrats earlier this week that he would be prepared to meet a negotiating team.

However, the selection of a Communist as one of the team poses serious problems, because the Government is still stating that there is no question of the

Libya may buy into other Italian companies

By Geoffrey Grima

VALLETTA, Dec. 2

LIBYA'S purchase of a 25 per cent stake in the Fiat group may be followed by negotiations with other Italian companies. Tripoli is understood to be interested in investments which hold out the prospect of greater Italian collaboration in industrial projects in Libya, according to Libyan officials. In this connection, the Fiat deal was probably clinched by the company's agreement two weeks ago to construct a lorry and bus assembly plant at Tajoura near the Libyan capital.

Italian diplomats involved in the negotiations on the project were not informed about the merger talks which took place in Rome between the Libyan Arab Foreign Bank (LAFB) and Fiat executives. Meanwhile, Libyan officials and Italian diplomats in Tripoli contacted from here to-day confirmed that the original approach had been made by the LAFB.

Richard Johns writes: The purchase of the shareholding in Fiat indicates a recovery in the Libyan Government's financial situation following a period earlier this year when it appeared to be suffering from liquidity problems. In the first half of 1976 the Government was reported by contractors and consultants to be defaulting on payments obligations (although administrative inefficiency may have been a factor).

Since then there has evidently been a recovery which has also been reflected in the recovery of its reserves as recorded by the IMF. International liquidity amounted to \$2,490m. at the end of July having slumped from \$3,510m. to \$2,190m. in the course of 1975.

The series of figures accounts for the bulk—if not all—of the Government's foreign assets including the shorter-term bonds known to have been bought on its behalf by the LAFB.

Shares rise Page 29

Tindemans under pressure

BY DAVID SUCHAN

BRUSSELS, Dec. 2

HARD on the heels of the rebuff given his ill-starred report on European union at The Hague summit, Mr. Leo Tindemans, the Belgian Prime Minister, has returned home to mounting speculation that he may be forced into early elections.

The current bout of election fever coincides most awkwardly with continued failure among Government, unions and employers to agree on what should replace Belgium's present array of wage, rent and dividend restraints that expires on December 31, and with the start of a major series of devolution talks.

The immediate problem is a quarrel—simmering for some time, but brought to a head last week—between the French-speaking parties in the ruling coalition that has led to demands that Mr. Tindemans reshuffle his Cabinet or see his Government fall. Three prominent members (one Minister and two state secretaries) of the Rassemblement Wallon (RW) have withdrawn from the party, saying it was carrying too much to the Left, and have joined the Walloon Liberals to form a new party. This has left the RW with only one state secretary and the new party with an extra three.

Yesterday he said his Government would await its fate in Parliament. With his coalition well into its third year (no mean feat by Belgian standards) he has said he would rather go to the polls than attempt another major reshuffle—bringing in perhaps the Socialists, the biggest party in opposition. But he seems likely to wait for the RW to clarify its position at their party congress on Saturday.

The need for Government stability is curiously underlined by the so-called "community dialogue" which started on Tuesday and is scheduled to take up every Tuesday in the foreseeable future. These talks, with 36 representatives from all ten of Belgium's political parties, are designed to enable once again the old nightmare of the country's French-Flemish divisions.

The talks got off to a poor start this week, with most of the politicians looking over their shoulders to assess the readiness of the rank and file for a sudden election.

Seveso given first payment

MILAN, Dec. 2

THE SWISS-BASED Givaudan Company to-day delivered to the regional junta of Lombardy L.50m. to finance payment of damages caused at nearby Seveso by a poisonous cloud of dioxine spread from the Icmesa firm, a Givaudan subsidiary.

A spokesman for the regional body pointed out the cash given by Givaudan represented a modest share of the damages caused by the dioxine, which were estimated at more than L.400m.

The highly-toxic dioxine, which spread from Icmesa after an explosion last July, severely polluted an area of 300 hectares at Seveso forcing the evacuation of 800 persons.

AP-DJ

An anti-communist force is straining Italy's fragile political balance. Anthony Robinson reports on...

A maverick in Milan

radically anti-Communist daily newspaper founded in 1973 by veteran Italian journalist Indro Montanelli, who, with the discrete financial backing of Montedison and other industrial and financial interests, broke away in dissent from the more liberal line of Milan's leading daily, Corriere Della Sera, and set up the rival paper.

At the last general election Sig. Montanelli's famous advice to the electorate was: stuff your ears and screw up your nose—but still vote Christian Democrat as they are the only bulwark against Communism. Naturally enough, Sig. de Carolis is one of the paper's heroes and its support helped him to pick up no fewer than 155,000 preference votes, which launched him on a parliamentary career in grand style.

Sig. de Carolis's links with the media are significant. A large part of his strength derives from his ability to simplify and express his ideas clearly. There are not many Italian politicians who can say that about.

He admires American promotional techniques and is on the constant look-out for clearly recognisable "messages" which encapsulate his position. One of the most successful of these, which established him as an enemy of the Left, followed an assault on his lawyer's office in downtown Milan just before the local and regional elections last year.

Armed guerrillas of the so-called "Red Brigades" burst in, spray-painted their red star trade mark on the wall and shot Sig. de Carolis in the leg, inflicting a minor flesh wound. The next day papers were full of pictures of him in a hospital bed, obviously in pain but still bravely smiling at the cameras.

He won a massive personal victory in the local elections. When this correspondent went along to see Sig. de Carolis some months later the red star was still prominently painted on the

chilling forewarning of the Chilean type confrontation which might arise if present attempts at political compromise and economic stabilisation fail?

This kind of language is highly provocative under the present circumstances, with Prime Minister Andreotti's Government dependent for its survival on the abstention of all the so-called constitutional parties, from the Liberals through to the Communists.

The Government is also based on a compromise which broke down the conventional exclusion of the Communist Party from the Chairmanship of the parliamentary institutions and the parliamentary committees. A Communist, Sig. Pietro Ingrao, is now "Speaker" of the Chamber of Deputies and seven out of 23 parliamentary committees are chaired by Communists.

At the same time the success of the Government's austerity economic measures depend on co-operation from the Left-wing parties and the success of the current Confindustria-trade union talks on ways and means of raising productivity and reducing unit costs of production.

Against this argument, that continuation of the present spirit of compromise is vital to get Italy out of its impasse, Sig. de Carolis and his supporters maintain that ultimately only the Communist Party will benefit as the idea of an "historic compromise" is increasingly translated into practice.

The "New Right" argues that a head-on clash between Christian Democrats and Communists is inevitable, and better sooner than later.

Many of the votes gained by Sig. de Carolis do not come from the traditional Christian Democrat area. He was one of those Christian Democrat "new faces" who appealed across the party line to generally conservative voters who formerly gave their vote to the Liberal, Social Democrat or even neo-fascist MSI parties.

The so far unanswered question is whether Sig. de Carolis and friends intend to push their anti-Communist frontal assault to the point of a break with the traditional party or work as a pressure group to influence the party as a whole.

Sig. de Carolis' leaning towards extremism, as most of the former leaders of his own party and the Left claim, or a

ROME, Dec. 2. A PARLIAMENTARY Commission to-day added fraud to the list of preliminary accusations against two former Defence Ministers in connection with the Lockheed Aircraft Corp. payments probe.

The Commission decided yesterday on preliminary charges of corruption against former Premier Mariano Rumor and the two Defence Ministers—Christian Democrat Luigi Gui and Social Democrat Mario Tanassi. AP-DJ

private television station Tele Montecarlo, which is also controlled by Sig. Montanelli and beams regularly into northern Italy, 155,000 personal reference votes and control of the Milan party machine. Not a bad power base to start from.

It can also be argued Sig. de Carolis and his men have sensed which way the political wind is about to blow in a country which has seen a massive advance by the Communist Party and is suffering from an economic crisis which is likely to deepen before getting better.

As he put it in a recent newspaper interview: "Politics is not going to be the polite discussion of formulas if the Lira falls to 1,500 to the dollar (it is currently around \$65 and carefully defended by import deposits and a currency surcharge) in a country short of food and in the dark."

What is he making here—an irresponsible call to political extremism, as most of the former leaders of his own party and the Left claim, or a

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AMERICAN NEWS

Union says federal aid vital for NY rescue

By Jay Palmer

NEW YORK, Dec. 2.

NEW YORK City's largest single municipal union has categorically stated that it will not participate in any new plan to rescue the city from its renewed financial crisis unless the plan includes some form of immediate extra aid from the Federal Government.

This move by Mr. Victor Gotbaum, head of the local Federation of State, County and Municipal Employees Union, comes at a time when city and state leaders have been trying to raise the extra cash that the city needs without going to Washington.

At the same time, the city's largest creditor banks, which together with the unions would have to provide the lion's share of the \$1bn. the city requires to pay off short term debts, are continuing to quietly insist that they cannot provide much more aid.

The city's latest financial problems flared up last month when New York state's highest court rejected as unconstitutional the city's year-old moratorium on its short-term debts. Subsequently the city agreed to find \$1bn. by the middle of this month to pay off city debt held by private investors.

Although it is generally conceded that increased federal aid may be the only logical solution to the crisis, officials here have been trying to avoid giving the impression of immediately running to Washington. Certainly there is a consensus that other solutions ought to be tried first, and that any Washington approach should be deferred until Mr. Carter takes over as President.

To-day Mr. Victor Gotbaum reflected such delaying tactics. "We elected," he said, "a President who claimed 'I want to help I'm pledged to help. I'm ready to help and now we act like we are paralysed'."

Strategic oil reserves

A Federal Energy Official said yesterday that the U.S. may have 500m barrels of oil stored underground by 1982 to combat a possible new Arab oil embargo. UPI reports from Washington, Mr. Thomas Noel, the Federal Energy Administration's assistant administrator for the Strategic Petroleum Reserve Office, said that the oil reserves would offset six months worth of import from Arab nations.

Soviets say they are keen to avoid crisis with Carter

BY JUREK MARTIN, U.S. EDITOR

MR. LEONID BREZHNEV, the Soviet leader, his privately assured Mr. Jimmy Carter, the U.S. President-elect, that the Russians "will go out of their way to avoid any crisis in the early days of the new Carter administration."

According to Mr. Jody Powell, Mr. Carter's Press Secretary, in a television interview this morning, this message had been conveyed privately to Mr. Carter by more than one channel, including that of Mr. William Simon, the U.S. Treasury Secretary, who was in Moscow earlier this week.

Mr. Simon had reported that Mr. Brezhnev had told him that he was aware of reports that he might try to test Mr. Carter's mettle when he assumed office, much as Mr. Khrushchev had pushed President Kennedy, also then something of an unknown quantity, in the early 1960s. But Mr. Brezhnev, who had conveyed a similar message via Mr. Averell Harriman recently, was at pains to stress that he had no such intention, Mr. Powell said. Mr. Carter, he went on, was very appreciative of Mr. Brezhnev's gesture and had presumably replied accordingly.

On Tuesday, in a speech in Moscow, Mr. Brezhnev had urged Mr. Carter to push for a new strategic arms limitation agreement. "We believe," Mr. Brezhnev had said, "it is high time to put an end to the freeze imposed on this question by Washington almost a year ago."

Mr. Brezhnev had also taken the opportunity of Mr. Simon's visit to urge that the U.S. abandon its policy of trying more favourable trading treatment of the Soviet Union to a more liberal Russian attitude towards the emigration of Jews.

It is, of course, far too early to say whether Mr. Carter will be inclined to respond to the Soviet overtures. He is still consumed with the task of choosing his new Government's senior members and is endeavouring not to introduce too much into the affairs of State while President Ford remains in office (with the occasional exception of state visits, for example, the recent steel price increase). Nonetheless, it is perhaps significant that Mr. Carter's transition team has asked the State Department for 40 study papers on a wide range of foreign policy issues, but with particular emphasis on the SALT negotiations with the Soviet Union.

WASHINGTON, Dec. 2.

Some interest was raised yesterday when it was disclosed that Mr. Cyrus Vance, the former Undersecretary of Defence and diplomatic troubleshooter, turned up, unannounced, in Plains, Georgia, Mr. Vance, of course, is considered a possible Secretary of State.

Mr. Powell suggested that Mr. Carter might address himself to this appointment when he holds a Press conference in Plains tomorrow. But it seems more likely that if any appointments are announced tomorrow, they will be for the senior economic positions. It is thought possible that the President-Elect will indicate which job Mr. Bert Lance, the Atlanta banker, will get.

On television this morning, Mr. Powell intimated that the most likely course of events would be for Mr. Carter to name the economic jobs first, perhaps all in one go, and those positions in the foreign affairs field later. Mr. Carter spent yesterday closeded with 18 leading economic advisers, from whom he probably will make his selections.

Cuba installs National Assembly

Cuba yesterday celebrated the twentieth anniversary of the landing of Prime Minister Fidel Castro's guerrilla force by parading Soviet-built weapons in Revolution Square and installing the National Assembly, its first since the 1959 revolution.

The two-day Assembly session marks the final step of an overhaul of the administration approved a year ago by the first Congress of the Communist Party. The new system is intended to instil democracy within the one-party state and decentralise and improve the efficiency of the State apparatus.

The military parade was expected to be the largest ever held in Cuba. Troops recently back from Angola were expected to take part, along with tanks, heavy artillery and ground-to-air missiles.

Transcanada Pipelines rate up by 4.5%

Transcanada Pipelines has been authorised to increase its average gas transportation charges by 4.5 per cent, from the Alberta border to eastern Ontario and Quebec. A.P.D.J. reports from Ottawa. The new charge will be 45.272 cents per lbm. British thermal units, effective January 1, up from the current levels of 43.304 cents. The new transportation charges will be paid by the National Energy Board, a federal regulatory agency.

UN call on Falklands

The U.N. General Assembly has endorsed a resolution asking Britain and Argentina to expedite negotiations to resolve their dispute over the Falkland Islands (Malvinas), a British colony claimed by Argentina. Reuter reports from New York.

Bahamas budget

Finance Minister Arthur Hanna told Parliament yesterday that the Bahamas Government planned to spend \$136.3m. next year, \$10m. more than this year. Reuter reports from Nassau. The principal items in his budget were education (\$68.2m.), health (\$22.2m.), law enforcement (\$15.7m.), tourism (\$10.5m.), and debt servicing (\$13.4m.). Mr. Hanna said that the Government's chief accomplishment this year was its action to deal with a chronic water shortage in Nassau. The first phase of a \$22m. barrage project to supply 6m. gallons of water a day by 1978 was opened on Monday.

Belize negotiations

Britain, in close consultation with the Government of Belize, should continue negotiations with Guatemala over the political status of the disputed British colony, the U.N. General Assembly has said. Reuter reports. Guatemala's claim to the territory, previously known as British Honduras, has delayed British moves to grant it independence.

U.S. STEEL PRICES

Blow to recovery

BY JAY PALMER IN NEW YORK

WHEN SIX of America's larger steel companies announced that they would shortly increase their prices for certain steels, there seemed a fair chance that the increases would not stand up.

The industry as a whole is arguably in such bad shape that the very largest companies, opting for volume rather than dollar growth, would hold prices and thus force the increase to be postponed, cancelled or discounted out of existence.

But last Monday, the real industry giants all unexpectedly decided to follow suit. Within a matter of hours, U.S. Steel, Bethlehem and Republic, which between them account for over half total industry production, all said that they would lift prices of the same steels by the same 6 per cent.

The higher prices, which came into effect for new orders booked on or after December 1, and average between \$15 to \$20 a ton, apply only to sheet and strip steels, commonly called "flat-rolled" steels. These, which account for only about a third of total industry production, go primarily to make cars and consumer appliances.

The decision to lift prices in the middle of a "pause" in the U.S. economic recovery has caused a good deal of concern in Washington. President Ford has asked the Council on Wage and Price Stability to prepare a report on the increase while President-elect Jimmy Carter, obviously worried about the effects of the move on 1977 consumer prices, has publicly asked the steelmakers to reconsider.

The possibility that the Government will try to force a price rollback is still a real one. Vividly remembering their dramatic confrontation with President Kennedy over this same issue in the early 1960s, the steelmakers are now preparing for a bitter fight which, this time, they do not intend to lose. They claim that the profit margins on flat-rolled steels are the lowest in the industry and that the increase is essential, fair and justified.

They argue that the price for these steels have lagged behind all other sectors since President Nixon's price freeze. Since 1971, some companies claim the price of heavier steels in general has risen by between 77 and 100 per cent, as opposed to mere 64 per cent for flat-rolled. Meanwhile, the cost of making flat-rolled steel is said to have risen by 30 per cent, since the summer of 1974 while prices have only climbed 12 per cent.

At the same time, there can be little doubt that this increase will work through to consumer

prices sometime early in the this time round. Although the steel companies steel industry as a whole remains are already claiming that in the doldrums, demand for flat-rolled steel is very strong indeed, to go up at least \$25. General and some expect it to become Electric, one of the leading appliance makers, takes an almost equally pessimistic view.

But whatever the ultimate flat-rolled steels are no longer impact of the increase on the showing the growth evident at the start of the year but the companies, without providing any claim that it needs the rise, evidence, say orders are rising there still remains a good deal of mystery as to why the companies choose this particular increase over last January. The moment to increase prices, steelmakers, furthermore, are convinced that customers for rolled-steel adjusted cost figures downwards earlier guesses at for a summer rise that never total annual shipments, happened and consequently can.

According to the American Iron and Steel Institute, an in-much damage, prices sometime early in the this time round. Although the steel companies steel industry as a whole remains are already claiming that in the doldrums, demand for flat-rolled steel is very strong indeed, to go up at least \$25. General and some expect it to become Electric, one of the leading appliance makers, takes an almost equally pessimistic view.

PERFORMANCE OF THE TOP SIX

(Jan-Sep. 1976; 1975 in brackets)

	Production tons m.	Sales dlrs. m.	Net dlrs. m.
U.S. Steel	22.4 (20.7)	6.59 (6.23)	329.8 (448)
Bethlehem	14.6 (13.4)	4.03 (3.78)	128.3 (166.4)
Republic	7.6 (6.96)	1.96 (1.84)	56.6 (63.7)
National	8.12 (6.54)	2.2 (1.69)	70.6 (43.6)
Inland	6.3 (5.2)	1.82 (1.41)	81.5 (71.9)
Armco*	6.07 (5.48)	1.47 (1.37)	31.1 (10.6)

* Armco figures in both tables above are only for steel operations excluding extensive diversification.

Whatever the companies say, the timing of this increase must owe quite a lot to fears that 11-month low, while under 75 per cent of available production capacity is now utilised. Al-though total shipments for the first 11 months of this year were 12 per cent, up on 1975, this was really not much of a gain considering last year was the worst for the industry since 1963.

Only three weeks ago U.S. Steel announced that it was laying off still more workers because of its "slack order book." It was not alone in its troubles—over the last four or five weeks, six large steel companies (Bethlehem, National, Armco, Inland, Wheeling - Pittsburgh and Youngstown Sheet) have all announced that they are cutting back in one way or another.

Given this dismal picture, many believe that the Government is being overhasty in its alarm and that the market will quickly force the increases to be cancelled. Although this is not likely now, the big steelmakers have adopted the rise, it is worth remembering that the last steel price increase collapsed under market pressures before ever coming into effect. Some companies continued to take orders at old prices and the rest were forced to follow.

This seems unlikely to occur policies. Their move puts Mr. Carter on the horns of a dilemma. He can either start off his administration with a classic fight with the steel makers; or he can accept the rises with all the damage that implies for his anti-inflationary policies.

Lopez greeted with enthusiasm

BY ALAN RIDING

MEXICO CITY, Dec. 2.

MEXICAN BUSINESSMEN and foreign bankers today reacted with unabashed enthusiasm and optimism to President Jose Lopez Portillo's inaugural address yesterday in which he called on the private sector to invest and produce in order to export and create jobs.

Despite the new president's announced plan for a tax reform to strike at the very wealthy, conservatives were delighted by the moderate and direct tone of

Senior Lopez Portillo's 103-minute speech.

With isolated exceptions, notably Education Minister Porfirio Munoz Ledo, the Mexican private sector also seems satisfied with the composition of the cabinet, considering its competent and technocrat in its orientation.

Reflecting the surge of confidence, much of it sheer relief at the departure of Senator Luis Echeverria, the Mexican peso today gained against the dollar, being quoted at 22 pesos compared with 28.50 pesos just ten days ago.

In contrast, Left-wing organisations felt that the new cabinet and Senior Lopez Portillo's speech seemed to press tighter controls over worker and peasant movements.

The first tests of the new president's strength and ideology will be the current confrontation between landless peasants and private farmers in north-west Mexico and the nation-wide wage increase that President Echeverria promised for January 1 before he left office.

Korea finances clue

BY DAVID BELL

WASHINGTON, Dec. 2.

THE senior agent of the Korean CIA who is now helping the FBI into its investigation of Korean links with U.S. Congressmen has told friends that he was in charge of the financial records kept by the embassy.

According to reports here to-day Mr. Edward Levi the Attorney General has now been fully briefed on the circumstances surrounding the investigation, and FBI agents are elated that Mr. Kim Sang-ho, the man who has defected in a position to tell them.

Meanwhile, 12 members of the House of Representatives asked the House Ethics Com-

mittee to investigate the reports that an undisclosed number of congressmen have accepted cash and other gifts from Korean lobbyists over the past five years.

In their letter the 12 congressmen noted that "one of the tragedies of Watergate was the effort to try to cover up and downplay the actions even after it had been brought to the attention of the public. However, Rep. Donald Fraser, whose international Relations Sub-Committee first focused attention on the Korean links, was quoted to-day as saying this case has received so much publicity that the public would think it outrageous for Congress not to investigate."

WHEN THE PRICE OF FUEL WENT UP SO DID THE INSULATION.

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(Pharmaceutical Division)

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A further £2,800 worth of heat will be saved each year because they've sealed some of the windows and ventilators in their office block.

And another £6,500 will be saved every year because they've invested £7,000 in lagging 3,000 feet of pipework throughout the factory.

These simple but effective steps were just three of the measures recommended in an Energy Audit conducted by independent fuel consultants.

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DEPARTMENT OF ENERGY

FT 3



OVERSEAS NEWS

Inflation fears undermine Australian currency policy

BY KENNETH RANDALL

CANBERRA, Dec. 2.

LESS THAN a week after its devaluation move, the Australian Government's new economic policy is in the deepest trouble. The initial enthusiasm of the stock markets has been wiped out, confusion and apprehension reign in the money markets, and the business community remains utterly divided in its reaction.

The basic reason for the Government's problem is that the devaluation was no panacea. It accompanied measures as highly inflationary, even though the Government had argued convincingly for the past year that inflation was its primary policy objective.

In other words, the problem is one of credibility. The modest changes in interest rates and bond yields announced to-day by the Treasurer, Mr. Phillip Lynch, are not being accepted as realistic. Neither are the assertions of both Mr. Lynch and Mr. Malcolm Fraser, the Prime Minister, that there will not be a credit squeeze.

Mr. Fraser totally blurred the issue in his first devaluation interview on television to-night. He had tried to suggest that most of Australian manufacturing was export-oriented and unaffected by imports. On this basis, he predicted an immediate boost from devaluation with increased employment and higher profits.

The manufacturing sector does not share the Prime Minister's optimism, however. The Associated Chambers of Manufacturers (ACMA), the largest manufacturing lobby in the country, has refused to endorse the Government's latest policy package.

Two days before the policy was announced, ACMA firmly endorsed the Government's atti-

tude as it was then understood, but the higher return from an inflated interest rate structure. In addition, an embarrassing degree of attention has been directed to the Government's reluctance to cut tariffs to offset the domestic inflationary effects of the devaluation. The change in the exchange rate represents a 21 per cent. increase in import prices.

For tariff-protected industries, the devaluation represents a rise in nominal protection of around 80 per cent. These two factors could destroy the Government's credibility in fighting inflation.

The more mathematically-minded economic critics have pointed out that the average rate of tariff protection for all imports is about 11 per cent.

The effective (as opposed to nominal) rate of protection in the new circumstances is about 28 per cent; restoring former levels would require a tariff cut of politically impossible proportions.

These sorts of calculations put pressure more and more on the Government's declared aim of reducing real wages to offset the new inflationary pressure. This is a prospect that gives the labour-intensive manufacturing sector no comfort at all.

Australian industries competing less effectively with imports will clearly be given the greatest scope to raise prices, then concede wage increases, putting greater pressure than ever on the costs of other manufacturers.

When the Government was taxed with all these inconsistencies at a two-hour meeting yesterday of its Parliamentary members, Mr. Fraser's response was merely to call for unity.

That speech carried the day in the party room but it has not cheered the Australian business community.

At the same time, it will have to deal with a return of speculative funds of possibly \$A1bn. seeking not only the capital gain

of a 17.5 per cent. devaluation but the higher return from an inflated interest rate structure.

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Airline in crisis as cheques refused

By Our Own Correspondent

NAIROBI, Dec. 2.

THE EAST African Airways Corporation is suffering a serious financial crisis with many staff members still unpaid for last month and with commercial banks refusing to honour its cheques.

The Corporation's Nairobi headquarters say they have been seriously embarrassed, yet again, by the withholding of funds by Uganda and Tanzania, which between them owe about \$2m. to the headquarters account. The airline has overdrawing facilities of up to \$2m. but has been forced to cut this back to \$1m. Private motor firms have closed accounts with the EAA.

A Board meeting with representatives from Uganda, Tanzania and Kenya broke down in deadlock last week. But another was held this week.

Staff of the corporation who tried to draw their salaries at the beginning of the month had their cheques returned marked "effects of the cheque have not been cleared."

One senior engineer said: "I hope this is the last time we will be made to look like beggars—some of us may soon call it quits."

An EAA spokesman to-day said that so far the airline's operations had not been hindered. President Amin is reported to have declared he will be remitting Uganda's long-standing debt to the corporation.

The airline's problems have to be seen in the context of a tripartite commission which has been reviewing the treaty for East African co-operation. Its confidential report has now been submitted to the East African Community's high authority, Presidents Kenyatta, Nyerere and Amin.

The report is expected to recommend "decentralising" the joint transport and communications corporations, the railways, the harbours, the posts and telecommunications and the national regions of all these have been withholding cash from headquarters.

It is strongly believed that the lack of inter-territorial cash flow is a result of the moves to decentralise the corporations, with the regions trying to hold as much money in their own hands as possible.

Ironically the EAA corporation which is expected to survive decentralisation in East African Airways, as far as its international operations are concerned, with each country running its own international operations.

Shooting in Syria raises spectre of terror campaign

BY ROBERT GRAHAM

BEIRUT, Dec. 2.

THE ASSASSINATION attempt upon Syrian Foreign Minister Abdul Halim Khaddam near Damascus yesterday, has reinforced the belief here that extremist elements, especially the "rejection front" within the Palestine Liberation Organisation (PLO), are about to begin a campaign of terror.

Observers here believe there is a direct connection between Mr. Khaddam's role as a major architect of Syrian policy in Lebanon and towards the Palestinian resistance, even though no group has claimed responsibility for the attempt on his life. A direct parallel is being drawn between yesterday's events and the assassination of the Black September movement of Jordanian Premier Wasfi Tal in Cairo in 1971.

The feeling is that Syria and the conservative Arab governments are now committed to

seek a negotiated end to the Arab-Israeli conflict. This move has been facilitated by the political and military losses of the PLO's following the new Arab line is to begin a campaign of terror in an attempt to sabotage any negotiations.

Mr. Saeb Salam, former Lebanese Prime Minister, told the Financial Times last week that the summit of Riyadh and the frontiers with Israel next week, Cairo, was "a prelude, if not a part, of a wider agreement" to settle once and for all the Arab-Israeli conflict.

Certainly, the PLO is exerting pressure on the Syrian Government to adopt a more moderate line. There is even one suggestion that the PLO is being asked to approve a Government of national unity last week concerning the south of Syria.

This was a result of U.S. and Soviet diplomatic efforts with Israel and Syria, the sources said.

and gone underground. There is no doubt evidence of a terror campaign, but informed observers claim that the only possible strategy to prevent the PLO's following the new Arab line is to begin a campaign of terror in an attempt to sabotage any negotiations.

UPI adds: A small force of Saudi and Syrian troops will move into the south near the frontier with Israel next week, according to military sources here.

They say that it will consist of about 1,000 soldiers from Saudi Arabia and a "few hundred" from Syria.

Although no official confirmation was available, concern about the possible move appears to have subsided after a flurry of diplomatic activity last week.

This was a result of U.S. and Soviet diplomatic efforts with Israel and Syria, the sources said.

Israel trying to establish buffer

BY L. DANIEL

TEL AVIV, Dec. 2.

ISRAEL is continuing its efforts to ensure that the south of Lebanon becomes a buffer zone between the Israeli and Palestinian guerrillas, operations there are strictly controlled.

Mr. Simcha Dinin, Israeli Ambassador to U.S., has scheduled a meeting for Saturday to discuss the issue with Dr. Henry Kissinger, U.S. Secretary of State. The border situation is also expected to be a major pre-occupation with Mr. Shimon Peres, Israeli Minister of Defence, who is expected to arrive in Washington early next week, but also to the

week for talks on arms supplies with the U.S. Administration. Israel has offered to supply Lebanese forces under the command of President Sarkis with weapons to assist them to preserve order in the south, according to officials here.

The Israeli Government remains opposed to the presence in the area of any non-Lebanese forces, quite apart from Palestinian guerrillas. Tula, they emphasised, applied not only to the Syrian element in the Defence, who is expected to arrive in Washington early next week, but also to the

Sudanese and Saudi Arabian contingents.

It is acknowledged in Jerusalem that from the point of view of Israel there are special problems relating to the port of Tyre, which is reported to be serving still as a source of military supplies for the guerrillas, and the strategic township of Nabatieh. The latter, however, is located north of the Litani River, now generally regarded here as the geographical element of the "red line" south of which Israel refuses to accept the presence of non-Lebanese troops.

Guerillas blast Rhodesia border bridge

SALISBURY, Dec. 2.

BLACK NATIONALIST guerrillas whether a train was crossing the bridge at the time of Wednesday's blast. The extent of the damage was also not known.

Both Zambia and Botswana Rhodesian military sources said destroyed during the October 6 today. There were no casualties. The sources said the explosion week. The bridge is located 32 on the Mateti River bridge is miles south of the Zambian set at almost the same place border and 18 miles east of the where a large section of the border with Botswana.

Both Zambia and Botswana bridge was destroyed on October 6. That incident sent 11 play host to guerrillas belonging to the Zimbabwe African People's Union, controlled by Joshua Nkomo and Robert Mugabe.

The blowing up of the bridge was disclosed one day after security forces headquarters announced that Rhodesian troops operating on their side of the border with Mozambique came under fire from that country and launched a retaliatory action.

The Joint Planning Staff, the only body in Rhodesia allowed to give information on security matters, refused to confirm a Rhodesian Herald report that the troops had been fired on by Mozambique regulars.

It was not immediately known whether a train was crossing the bridge at the time of Wednesday's blast. The extent of the damage was also not known.

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Security yields increased

BY OUR OWN CORRESPONDENT

CANBERRA, Dec. 2.

THE GOVERNMENT said to-day it had completed, through Reserve Bank market operations, a restructuring of Government securities following last Sunday's 17.5 per cent. devaluation.

At the short end of the market, the increase is about 0.5 per cent. In line with the higher yields for 13- and 26-week Treasury notes announced on Sunday. On November 1976, for example, the yield has been pushed up from 9.4 per cent. to 9.9 per cent.

Increases on longer-term

bonds are smaller, ranging from 0.4 per cent. rise to 10.4 per cent. on ten-year securities, to an 0.3 per cent. rise to almost 10.5 per cent. on the longest bonds.

To-night Mr. Phillip Lynch, the Treasurer, announced an increase of 0.5 per cent. to 10 per cent. for Australian savings bonds. If these, at the new rate, are redeemed before August 1 next year when the first interest payment is due they will be paid at the rate of 7.5 per cent.

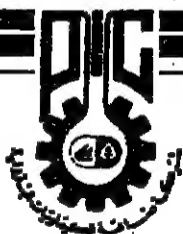
Mr. Lynch described the move-

appropriate response to the new situation created by devaluation. In a television interview to-night, Mr. Malcolm Fraser, the Prime Minister, said the Government's advisers had presented it with the choice late last week of drawing \$A1bn. from the International Monetary Fund, or devaluing.

"Nobody could guarantee that borrowing \$A1bn. would stop the speculation. Indeed, in our judgment, many people overseas would see it as a last-ditch effort and would tend to sit back and watch and wait," he said.

Mr. Lynch described the move-

INTERNATIONAL APPOINTMENTS



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Applications will be in writing, enclosing complete resume to:

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Clearly marking the envelope "CONFIDENTIAL"

Financial Controller
Gala Cosmetic Group (France)
Paris - Frs65,000 pa

This is an important senior appointment within the European activity of the Gala Group (itself a part of the Smith & Nephew Group).

The Financial Controller, who will be responsible directly to the Managing Director, France, will play an integral part in the management of the Company. Responsibilities will cover the usual fields: financial control; budgeting and forecasting; Management Information; departmental control.

We seek a qualified accountant, preferably ACMA or equivalent, with at least two years experience in industry (it would be of advantage if this were in a marketing environment), with the ability to control and motivate staff. Fluency in English and French is vital. Age range is seen as 33-50.

Please write with c.v. to:
John Co., Personnel Manager,
Gala Cosmetic Group,
Surrey, Surrey, KT6 7LU

APPOINTMENTS WANTED

PROBLEMS ABROAD?

Brussels-based British Chartered Accountant, recently managing director with excellent profit-investment record in public company operating U.K. and abroad seeks long/short-term appointments Europe or overseas.

Write Box A.5769, Financial Times,
10, Cannon Street, EC4A 3BT.

WORLD TRADE NEWS

British car imports rise by 117% in value

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

British car imports shot up by 117 per cent in value terms bringing a bumper year for the industry. At the same time, imports of components—a sector of the industry in which British companies have a strong position—showed a more modest increase of 30 per cent on the same period last year.

At \$2.7m, component imports are still nowhere as strong as imports of the same products—worth \$12.9m in October, but they are easily keeping pace with the growth of exports.

These monthly figures, which also showed a fall in exports of commercial vehicles and products such as tractors, dumpers and trailers, cannot be taken in isolation from the more favourable overall annual figures.

These show that the balance of exports over imports in motor products is still improving in monetary terms—up 3 per cent from \$1.2bn to 1.3bn in the first ten months of this year.

But they do indicate the growing balance of payments impact of Britain's appetite for foreign cars, and the effect on import prices of sterling devaluation.

There is also some suggestion that the import figure for cars has been boosted by importers' stockpiling.

One new phenomenon which is now being reflected in the figures and will come to play a more important part, is the growing interchange of components and built-up cars between the associate companies of the multinational car companies.

Vehicles like the Vauxhall Cavalier, the Chrysler Alpine and possibly the Ford Fiesta, are showing up as car imports—because in value terms 50 per cent or more of the car is imported. The same will be true of the Leyland Allegro when it is transferred to Seefelt in Belgium for assembly.

Conversely, the export of parts from Ford for the Fiesta and Leyland for the Allegro should boost the component export figure.

On the car exporting side, the 28 per cent increase registered in October (to \$44.2m), is slightly below the running total for the year of a 28 per cent increase.

But British Leyland, the biggest British car exporter, said yesterday that its own exports were more than 90 per cent up last month. Ford said that it is planning to begin export of the Fiesta to European markets in December when it hopes to ship 1,500 vehicles.

Davy Loewy in Finnish steel pact

By Lance Keyworth

HELSINKI, Dec. 2.

DAVY LOEWY of the U.K. and the Finnish state-owned integrated steel company Rautaruukki Oy have signed a co-operation agreement for the delivery of the British company's steel rolling mill plant to third countries.

Rautaruukki's share in these projects will comprise the supply of technical assistance for the start-up and running-in phases of rolling mills supplied to Davy Loewy clients. The Finnish company will also be prepared to train the customer's personnel in its own rolling mills in Finland.

Davy Loewy has supplied the Finnish company with two hot-rolling plate and strip mills, a cold-rolling plate mill and other plant in the past ten years or so. The second hot-rolling plate mill was started up very recently.

Rautaruukki considers it is therefore in a good position to provide trained staff and to train others for future projects of the same type undertaken by Davy Loewy. This applies particularly to contracts won by the British company in so-called third world countries.

The co-operation agreement is believed to be the first of its kind between a Finnish and British company. It is an example of the sort of achievement towards which the Finnish-British Joint Commission on Technological Co-operation has been working.

Lack of interest cancels British exhibition in Tokyo

BY DAVID HOUSEGO

THE BRITISH Trade Centre in Tokyo, the Government sponsored organisation for promoting British goods in the Far East, has announced that it has cancelled its exhibition in Tokyo for this month because of the lack of interest.

Nonetheless the lack of enthusiasm for the exhibition is the type of issue on which the Japanese have of late been pouncing in arguing that Britain's trade deficit with Japan is the result of insufficient effort made by British companies to penetrate the Japanese market.

In the first nine months of this year the trade deficit widened by 10 per cent, on provisional figures to \$305m, as against the same period last year.

Typical of the Japanese attitude were the remarks made in London last week by Mr. Yūgorō Komatsu, a former Vice-Minister of Japan's Ministry of International Trade and Industry, who urged Britain to step up efforts to sell to Japan and claimed the Japanese were making intensive efforts to increase imports.

The main reason why British manufacturers declined to participate in the exhibition was the belief that larger sales could be made in other export markets without the expense and bureaucratic obstacles met in Japan. Another factor mentioned is that the exhibition was being organised when Britain was at the trough of a recession and companies were watching their budgets more carefully. However, the BOTB covers a large part of exhibitors' costs—though not the sales follow-up that might be involved.

Record contract for British Dredging

BRITISH Dredging Aggregates has been awarded a year-long contract worth £1.1m by a Belgian consortium to supply 1m tonnes of sea-dredged aggregate for the construction of new locks in the harbour at Zeebrugge and building work at Ostend.

Mr. Mostyn Bowles, chairman of the British Dredging Group, said this is a record export order for the company and would make a significant contribution to next year's sales.

Contracts that have already been negotiated for 1977 mean that British Dredging's 13 ships will be fully operational during the next 12 months.

In addition to the Belgian contract, British Dredging will supply 750,000 tonnes of aggregate to France, and 500,000 tonnes to Holland.

Nissan views on market

TOKYO, Dec. 2.

NISSAN MOTOR executive managing director, Mr. Harumi Saku, said he hopes talks between British and Japanese car manufacturers in London next month will result in an understanding that Japanese car exports to Britain will be about the same as in 1976.

However, Mr. Saku told Reuters that Japanese car manufacturers will strongly oppose any proposal to let Western car exports to Britain rise to the expense of Japanese exports.

Nissan has established an extensive distribution network in Britain, and it would be unfair to allow it to be partly taken over by West German, French and other European cars, Mr. Saku said.

He added that the recently announced cutback in the company's shipments to Britain in December was pre-arranged and was not a decision suddenly arrived at because of European demands for export restraint.

Nissan has been scheduling shipments to Britain in accordance with a long-standing understanding with British car manufacturers in July that Japanese 1976 exports to Britain should not strongly exceed last year's level, Mr. Saku said.

£178m. investment by Ford Tractor needed

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

FORD MOTOR anticipates it will need capital expenditure of £178m. between now and 1980 to take advantage of the market opportunities it can see, according to Mr. L. E. Ross, vice-president of Ford Motor Company and general manager Ford Tractor Operations, yesterday.

He told a London Press conference that he expected the Western world's market for wheeled agricultural tractors to be about 300,000 units by 1985, but would be slightly down in units from 1975's 319,000 but up from Ford's projection of 269,000 or 1980.

"In other words, there will be substantial variations but not very significant changes in unit sales between now and 1985," said Mr. Ross.

But there would be large increases in sales revenue, even at today's prices. Industry sales revenue on agricultural tractors should be up some 16 per cent to \$7.2bn. by 1985 as the trend to larger horsepower tractors developed.

This year Ford Tractor would sell 120,000 units through a network of more than 5,000 dealers and sub-dealers in 150 countries.

Mr. G. A. Cowl, general manager Ford Tractor Operations Europe, said that over the next five years total industry sales in European markets should average 270,000 units.

The average horsepower of all tractors sold in Europe had gone from 47.8 hp in 1963 to 63.3hp in 1975 and Ford expected it to reach 71 hp by 1980.

"Farmers in Europe are looking for more powerful and more sophisticated tractors to match increasingly sophisticated farm machinery. We will see improved tractors, better handling, more safety, and constantly improving comfort and ease of operation for the driver," Mr. Cowl declared.

Fisons raises U.S. activity

BY RHY'S DAVID, CHEMICALS CORRESPONDENT

FISONS, the U.K. chemicals company, is expecting investment in its new site in Muskegon, Michigan in the U.S. to rise to around £2m. over the next few years as additions to the plant are being built or made.

The company is expecting first production of Fison agrochemicals from the plant in the second half of next year and this will be followed by facilities to produce Nortron, a sugar beet herbicide, and by a pharmaceutical unit designed to produce the company's asthma relief product.

As part of its build-up in the U.S. Fisons has also taken out an option to purchase some 300 acres in the Lower Rio Grande valley in Texas. The land will be used for specialist testing of herbicides, insecticides, and fungicides, produced by the company's research and development staff in the U.K. and for local development work specifically for the U.S. market.

The company already has facilities to test products in a number of countries, but is seeking the U.S. to become its most important centre. The U.S. market for pesticides and fungicides is growing almost all the most important world crops through-out most of the year.

In the U.K. Fisons, which is mainly involved in agrochemicals, fertilisers and pharmaceuticals, is planning to expand its involvement in the leisure field, using its existing horticultural business as the basis for this.

The division is being separated from the fertiliser division and will in future be run jointly with the company's other main divisions, agrochemicals, scientific equipment, and the company's merchandising activities are also to be merged with its existing fertiliser merchandising business Diamond Fertiliser.

The company has recently made a number of senior management changes with Mr. Ron Boudry taking over as chief executive from Mr. George Burton who continues as chairman.

Hungarian order for Clarke Chapman unit

Thompson Friction Welding, a unit of Clarke Chapman, is to supply a friction welding system worth around £250,000 to the car axle manufacturer of the vehicle axle, RABA, which will use the British system to fulfil an axle order for an international motor manufacturer.

French win Greek deal

BY OUR OWN CORRESPONDENT

ATHENS, Dec. 2

CONSORTIUM of French companies has won a Dr.180m. (2,260m. drachmae (£37m.) when 3m.) contract for the supply and construction of a hydroelectric project in Greece.

Under an agreement signed with the Public Power Corporation (Greece's state-controlled electricity company), the French companies will supply the site, a bridge crane and the steel lining for the pipelines of a power plant at Pournari on a Arachthos river.

The French concerns are Sthom, Neyrpic subsidiary, Buchazer Vallet (BVS), Coupeyot-Soretex-Lévage, and Sotelle. The consortium will co-operate with the Greek company, Copeps, which is undertaking the engineering work for Dr.200m. (£32m.).

The French government will finance 75 per cent (£24.3m.) of the project, repayable in 15 years with a four-year grace period. The remaining 25 per cent (£7.7m.) will be covered by a loan to the Public Power Corporation from a consortium of French banks, repayable over 10 years at an interest rate of 7.75 per cent.

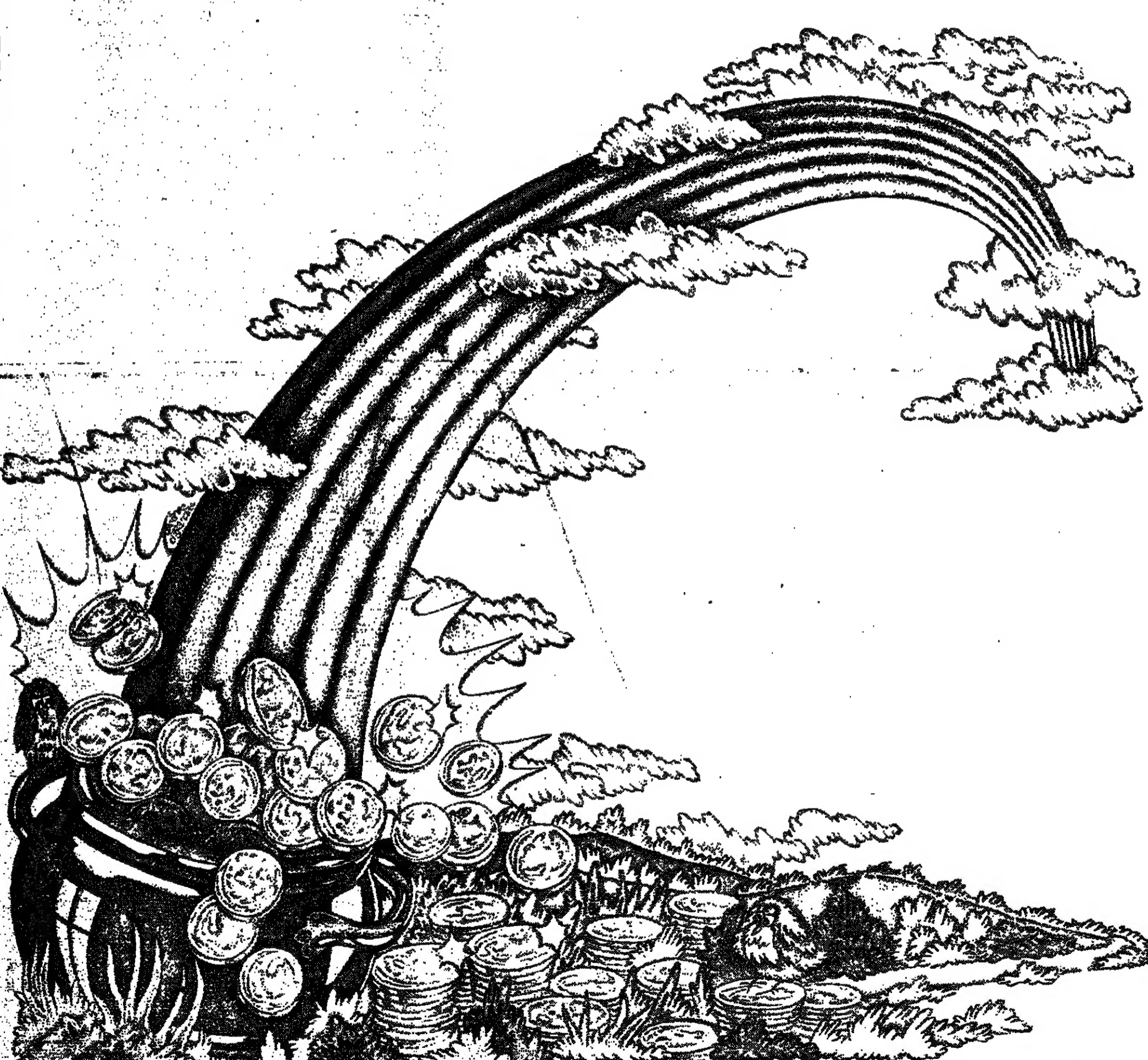
The Pournari hydroelectric project was started in September 1975 and will cost a total of 2,260m. drachmae (£37m.) when completed. It includes three power units of 100 megawatts each. These were supplied by the Russian Energomashexport in co-operation with three West German companies at a cost of 900m. drachmae (£15m.). The dam for the project was built by the Greek concern Helliniki Technika for 952m. drachmae (£16.3m.).

When completed next year the Pournari project will also irrigate about 37,500 acres in the Arta-Eretria Valley.

Malawi satellite deal

A contract to install and operate a satellite earth station in Malawi has been signed by Cable and Wireless and the Malawi Government. The U.K. company will supply on hire, install, maintain, operate and maintain an earth station for 15 years with a four-year initial period of five years. It will also provide specialist training of Malawians.

The station at Blantyre will provide Malawi's first direct satellite link with South Africa and the U.K., from where telecommunication traffic can be switched to any other destination in the world.



Whether or not your firm finds new profits depends where you look

In today's economic conditions, the pressure is on industry to invest—to ensure productivity and provide employment.

But, tough competition and price restraint mean that the profits to fund such investment must be found in the areas of greater efficiency and trimmed costs.

And, more and more industrialists are achieving these, simply by introducing electricity for some of their processes.

We know well enough you won't be

convinced by anything except facts and figures, so here are just some—in brief.

Using electric induction furnaces, a heating manufacturer saved 30% on melting costs.

A similar investment increased an hydraulic company's productivity by 25%.

A spring-maker virtually eliminated a reject rate of 5%.

And a similar result was achieved by a plastics coating firm—who estimated that

their electric compressed air drying investment was repaid in 7 weeks.

Better products. Lower unit costs. These are the positive benefits electricity is bringing to many firms.

Not forgetting the advantages of being cleaner, quieter and simpler than a fuel that has to be burned.

Talk things over with the Industrial Sales Engineer at your Electricity Board. The sooner you do, the more you'll gain.

INVESTELECTRIC

The Electricity Council, England and Wales.

HOME NEWS

European cash will help finance BSC expansion

BY ROY HODSON

EXPANSION PLANS costing \$50m. at British Steel Corporation works are to be partly financed by loans from the European Investment Bank.

The bank has made two new loans totalling £14.7m. for ten years at a rate of 8 per cent towards BSC schemes at Port Talbot, South Wales, and Biddulph Works, Cheshire.

As is usual with European borrowing by a nationalised industry, the Treasury will guarantee the loan against movements of the pound in relation to the "cocktail" of currencies loaned by the bank.

Most of the money—£12.5m.—will go toward the new £32m. coal-handling and desulfurising system at Port Talbot. The bank is also financing a sister plant at the same works in 1974.

The second loan, £2.2m., is for the construction of facilities at the continuous-casting plant production works at Biddulph, Cheshire, costing nearly £8m., these will provide 225 new jobs in an area of high unemployment.

The new loans bring the total lent by the bank to BSC for expansion and modernisation to nearly £22m.

British Steel will spend a further £21.5m. at Port Talbot to

modernise facilities for cleaning steel and on furnace-extraction equipment for the basic oxygen steelmaking plant.

"The new equipment ordered reflects the awareness of our environmental responsibilities to the work force and the community," said Mr. B. S. Moffat, director of Port Talbot works, last night.

The corporation spent £530m. on capital projects last year. The working strategy for public-sector steelmaking development calls for a high level of spending for several years to come. Much will depend on Government reviews of BSC plans.

Observer's new owner to meet Callaghan & Healey on Monday

BY KEVIN DONE, INDUSTRIAL STAFF

A RECEPTION committee such as is normally reserved for visiting potentates has been assembled this week for the visit to London of Mr. Robert Anderson, new owner of the Observer.

It will culminate in a meeting on Monday with Mr. James Callaghan, the Prime Minister, and Mr. Denis Healey, Chancellor of the Exchequer.

Mr. Anderson, chairman of Atlantic Richfield, the eighth largest oil company in the U.S., with sales last year of \$7.7bn., yesterday made his first informal tour of his new acquisition, losses at the Observer this year are estimated at more than \$500,000.

The introduction was a casual one, and many of the staff will have to wait until Saturday to catch the first glimpse of their new proprietor, when he goes to see a full production run of the paper.

The recent history of the Observer has been closely connected with meetings—the rescue deal was first thought of less than three weeks ago over dinner in a West End Restaurant between an Observer journalist and a friend of Mr. Anderson—and yesterday was no exception.

Lunch on the flat of Lord Goodman, chairman of the trustees, to meet other trust members, was followed by dinner last night at Lincoln's Inn to meet what was described as "a cross-section of people from British life."

This ranged from the full circle of existing Press lords, Mr. Harold Lever and Mr. Edmund Dell for the Government, and Lord Hailsham and Sir Keith Joseph for the Opposition, to the U.S. Ambassador, leaders of newspaper unions, such as Mr. Kenneth Morgan and Mr. Bill Reys, Sir Richard Marsh,

chairman of the Newspaper Publishers' Association, the Queen's private secretary, Mr. Peter Hall, and Mr. Yehudi Menuhin.

Monday's meeting with the Prime Minister and other Cabinet members is expected to follow a top-level meeting at the Observer at which the full composition of the Board will be decided.

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The new owner said yesterday that he did not foresee any editorial changes in the near future, but the new Board would be seeking the "best help and advice" in Britain to strengthen the management.

Reservoir decision expected

Plans for the biggest reservoir in South West England have won the general approval of Mr. Peter Shore, Secretary for the Environment. He will give a formal decision on the application soon. The £5m. reservoir site is at Colford, Dorset.

New companies

A total of 4,600 new companies was registered during October, bringing the total number of new formations for the year so far to more than 46,000, according to today's issue of Trade and Industry. All the new registrations were private companies.

Action urged

The Trent Regional Health Authority has urged Mr. David Ennis, Secretary for Social Services, to take action against the "gross inequalities" in distributing money to the health authorities, otherwise services in the Trent region would continue to be severely deprived.

Conservation award

Reed Paper and Board (U.K.) has been awarded first prize in the "Conservation of the Year" competition sponsored by the Eutectic and Castolin Institute. The awards are made on the basis of the value and extent of energy and resource conservation within a company.

Cash benefit

An additional weekly cash benefit for people with dependent children was urged yesterday by Mr. Peter A. B. Atkinson of University College, London. To pay for this, married men's tax relief should be abolished.

Record year

Ferrymasters had a record year for international shipments. In the 11 months to November, more than 50,000 ton loads were moved, exceeding the company's previous best annual total.

Oil pollution

The first case of North Sea oil pollution in Britain has affected Loth, Sutherland, Scotland. A sample sent for analysis matched specimens from a field 14 miles off Brora, Sutherland.

WINE SALE

Lafite 1870 at £440 a magnum

BY EDMUND PENNING-ROWSELL

THE CENTREPIECES of Christie's finest and rarest wine sale yesterday were two exceptional private collections of old vintages, and with sterling as it is, and American buyers out for price were no less exceptional than the wines.

The more interesting of these two cellars consisted of wines, mostly Bordeaux, from the Oxfordshire home of Sir John Thomson, former chairman of Barclay's Bank. Some of the pre-phylloxera claret had been lying undisturbed for nearly a century. Lafite predominated, and the top price of £440 was given for a magnum of the 1870, with single bottles of the same vintage fetching up to £160, followed by £100 for a whole dozen of the 1874.

Among the wines of Ch. Margaux a magnum of 1868 brought £128 and six bottles of this estate's fine 1883 made £370. The 82 lots totalled £12,644.

The other collection, the latest of a Paris cellar, contained 18 vintages of Lafite, from £120 per bottle for the 1872 to £580 for a dozen 1945. Two bottles of Lafite 1899 went for £145 and two magnums of this Chateau's 1900 fetched £270.

Eighty lots brought £13,553. In a sale full of rarities, the highest price and a British auction record was £900 for a Jeroboam (equ. 6 bottles) of Mouton-Rothschild 1929, and another record was £880 for a dozen 1845 from the same source.

Bass £4.5m. provision

BY KENNETH GOODING

BASS CHARRINGTON, Britain's biggest brewing group, has made term market conditions would improve and this would enable most of the Bordeaux stocks to be sold at a price which would cover the cost, £13.5m.

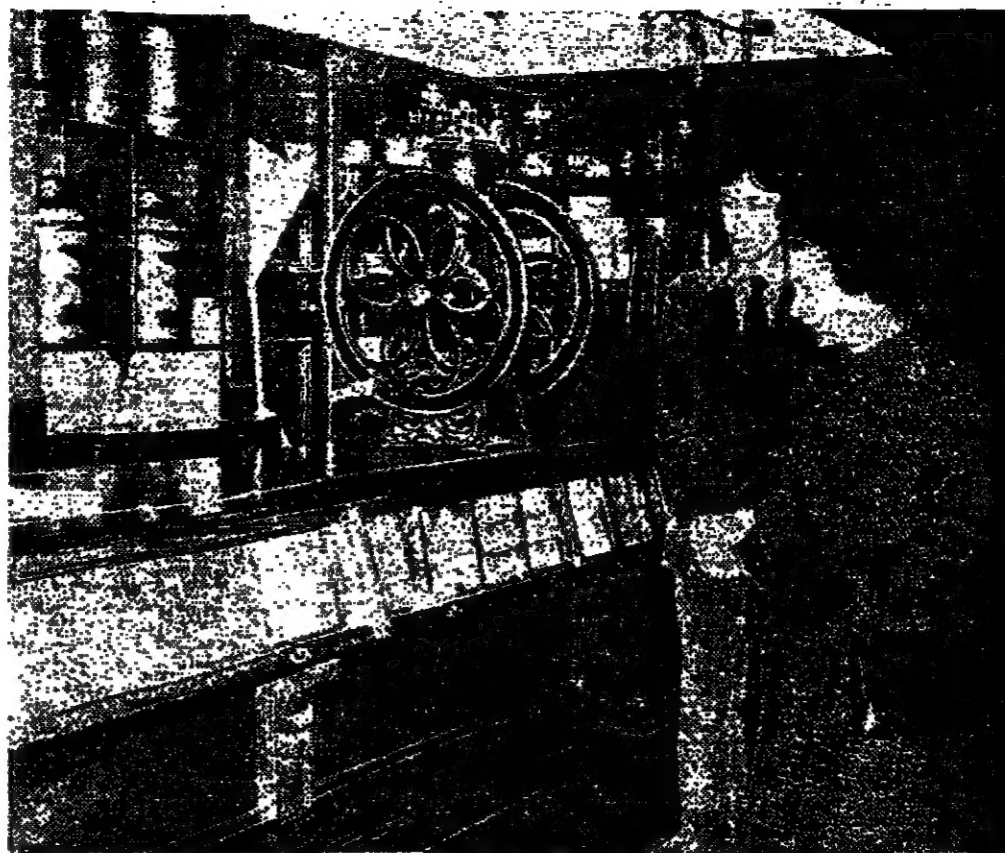
But they reported last night over the past two years following the collapse of Bordeaux prices had not improved "to the extent expected."

After making a £2m. provision in 1975, the Bass directors said stocks of Bordeaux wine.

They believed that in the longer term market conditions would improve and this would enable most of the Bordeaux stocks to be sold at a price which would cover the cost, £13.5m.

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THE QUEEN yesterday formally opened the new Museum of London, in the Barbican, which presents a reconstruction of 2,000 years of the city's social history. Here, accompanied by Mr. Oliver Green, assistant keeper, she views a late-Victorian grocer's shop.

Injunction on JFB 'not novel way to defeat takeover bid'

BY TERRY WILKINSON, CITY STAFF

MR. ANDREW LEGGATT, QC, for Dunford and Elliott, denied in the Court of Appeal yesterday that the company's injunction restraining Johnson and Firth Brown from proceeding with its £81m. offer was a novel way of defeating a takeover bid.

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BY TERRY WILKINSON, CITY STAFF

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The new owner said yesterday that he did not foresee any editorial changes in the near future, but the new Board would be seeking the "best help and advice" in Britain to strengthen the management.

Mr. Anderson's arrival at the Observer appeared to draw an enthusiastic response from those staff who met him, but others stayed true to the paper's vaunted stance of independence.

"As an hypothesis everyone would welcome him," commented one journalist, "but they have not met the actuality."

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U.S. group to seek MESA crude oil for Nigg refinery

BY RAY PERMAN, SCOTTISH CORRESPONDENT

CRONARTY PETROLEUM, the U.S.-owned company planning to build a refinery at Nigg, Easter Ross, has had informal talks with the MESA Group, which has found oil only 40 miles away in the Moray Firth.

MESA confirmed the presence of a promising field in block 11 in September and is now drilling appraisal wells which should yield results by early next year. Selsam and other tests have suggested that reserves could run into several hundred million barrels.

Partners in the consortium led by MESA are exactly the sort of independent crude oil producers that the refinery hopes to attract, since they have no direct links with other U.K. processors.

Cronarty declined to comment on the possibility of a link up with MESA, but MESA is understood to be anxious to avoid publicity in case it has to get its crude refined by one of the

major oil groups, which are bitterly opposed to the Nigg project.

The talks that have taken place are likely to have been on a tentative level, since the parties are some way from being able to make any deals, but an arrangement between them is obvious mutual advantage.

The oil field is in relative shallow waters and it would be simple and inexpensive to pipe to Nigg. However, there may be timing difficulties since MESA could be ready to begin production before the refinery is completed.

For Cronarty, the field could represent the answer to half the problems, by providing a real source of crude oil.

Cronarty cleared the last of the obstacles in its path to the Nigg refinery by reaching an agreement with landowner Mr. Michael Nightingale over the sale of acres of beach needed for the refinery site.

Marathon yard may fail to win job-saving rig

THE GOVERNMENT is understood to see no way it can finance the speculative building of a drilling rig to save 1,500 jobs at the Marathon yard, Clydebank, though no formal decision has yet been taken.

The American owners of the yard put the suggestion to the Department of Industry officials last week. The three-leg jack-up rig would cost about £15m.

The company's contribution would be the steel, which it already has, and the facilities, and it has asked the Government to effect to pay the labour costs.

The Government is believed to feel that to back speculative building would be against the spirit of international agreements and set a precedent for the rest of British shipbuilding, which would be impossible to follow.

Scott-Lewis, a short distance away at Greenock, for example, would like the Government to pay for a £20m. advanced drill ship.

Marathon will substantially run out of work when a rig is now building for National Drilling of Abu Dhabi is launched in two weeks. The yard is understood to be negotiating with a French and

a British company for no orders, but one is unlikely to come in time to prevent big cuts.

In that case, the yard will temporarily out of use, with employment for only a handful of workers doing maintenance and some sub-contract work.

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HOME NEWS

Marks & Spencer plans second food-only shop

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

MARKS & SPENCER is negotiating to open a second food-only shop. The move is part of an experiment to see whether there is any future in a chain of smaller branches selling only food. Marks & Spencer's first food-only shop, at 100, St. Michael's, opened in London last month. It is a small, one-storey building, with a large window display. The shop is open from 10.30 to 6.30, and is staffed by Marks & Spencer's own staff. The shop is a success, and is expected to be a model for other food-only shops. Marks & Spencer is planning to open a second food-only shop in the near future. The shop is expected to be a success, and is expected to be a model for other food-only shops.

'Cheapest Atlantic air fares next April'

By Michael Danna, Aerospace Correspondent

OVERSEAS Air Travel, the British Airways subsidiary responsible for advanced booking charter flights, is offering what it claims are the cheapest Atlantic rates so far for travel from next April 1 between the U.K. and North America.

Between London and New York and Toronto, the ABC fare will be \$125 return in April and May, rising to \$132 return in the peak months of July and August.

Rates between London and Chicago will range from \$145 return, and between London and Los Angeles between \$190 and \$242 return.

Overseas Air Travel plans to offer more than 70,000 seats on the North Atlantic next summer, including flights from London, Manchester and Frankfurt.

Announcing the programme, Mr. Tony Arnold, OAT's manager, said yesterday that British Airways hoped to do well with its ABC flights next year. "Our travel research shows that there are 18m. U.K. residents who have close family ties with Canada and the U.S."

UKO International sole lens-making deal to go ahead

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

UKO International will be left as the sole manufacturer of ophthalmic lenses in Britain, after a decision by the U.S.-owned British American Optical to give up making lenses here.

The situation gives the Office of Fair Trading a difficult decision to make.

For BAO, which is a subsidiary of Warner-Lambert, the major American pharmaceutical and optical products group, is to transfer its lens manufacturing plant at Kidwelly, South Wales, to UKO.

Last September, the OFT referred the hotly-contested bid by Pilkington Brothers for UKO to the Monopolies Commission after UKO claimed that Pilkington was attempting to make it a "captive" customer for lens blanks.

However, the OFT has decided to let the deal between UKO and BAO go ahead, even though it will reinforce UKO's monopoly in ophthalmic lens making in the U.K.

Behind the decision is the fact that the Kidwelly plant has been making losses and would have closed had UKO not agreed to take it over.

U.K. 'insular' over policy on fast nuclear reactors

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN'S "insular" nuclear attitudes were preventing any genuine European partnership in nuclear energy, especially fast breeder reactors, Sir Brian Flowers, rector of Imperial College, London, and a part-time Board member of the U.K. Atomic Energy Authority, told nuclear engineers in London last night.

Given enthusiastic political leadership, said Sir Brian, Britain could exchange its fast reactor experience with other European nations, so that any large-scale U.K. project would also incorporate full European experience.

Sir Brian, who was chairman of the Royal Commission on Environmental Pollution until September and was responsible for its controversial report on Nuclear Power and the Environment, yesterday defended the Commission's findings at a meeting of the British Nuclear Energy Society.

Britain's first full-scale fast breeder reactor should be built on a remote site with its own fuel reprocessing and manufacturing facilities, he said.

It should be planned in such a way that after the first loading of fuel there would be no need for substantial quantities of plutonium to enter or leave the site.

It was hardly likely, he said, that the outcome would justify the term "commercial fast reactor".

But he believed that the project could be executed in an environmentally acceptable way "provided there is no commitment to an ongoing programme."

He saw "no need for undue speed, even if one believes there is no avoiding fast reactors and the plutonium economy they entail."

Thermal reactor development had proved to be within the capacity of the U.K., but only just. Fast reactor development was likely to be beyond its resources.

It seemed essential that if Britain pursued the fast reactor it should do so as a European partnership. But as long as its insular nuclear attitudes persisted it was unlikely to qualify for a genuine European partnership.

With enthusiastic political leadership, however, I believe it would still be possible to achieve a situation whereby in exchange for experience of PFR (prototype fast reactor), we could acquire experience of comparable developments elsewhere in Europe, where there are incidentally comparable debates taking place, so that if and when we do eventually go ahead it will be on a commercially viable European basis, and one to which all the skills in Europe have contributed.

In the 250MW prototype fast reactor at Dounreay, said Sir Brian, Britain had "a magnificent piece of equipment." He was confident that a great deal would be learned about the full-scale fast reactor and its hazards by studying the behaviour of prototype fast reactors under the wide variety of carefully controlled conditions which they were designed to be subjected. Britain would still be learning a great deal from it in "five or even ten years' time."

Video tape accepted as shoplifting proof

BY OUR CONSUMER AFFAIRS CORRESPONDENT

TWO magistrates' courts have accepted a video-taped recording of shop thefts as evidence in two cases which may set a precedent in the fight against shoplifting. In both instances the shoplifters were recorded on video tape by an in-store closed circuit television camera. The tape was played back in court.

Though many stores use closed-circuit television to watch customers only a minority have the equipment for recording. Acceptance of video recordings in evidence at Luton, Beds, and Liverpool may encourage more stores to invest in video. In the Liverpool case, a store detective watching the closed circuit television saw three youths take two hair-driers. He put the machine on record but was too late getting down to the shopfloor to make an arrest.

Two days later the youths came back and the hair-driers were not found. The field record of the theft was accepted as evidence and the youths were convicted.

At Luton a husband and wife were filmed stealing a pair of curtains worth about £40. When the couple appeared in court the wife pleaded guilty and the husband was found guilty. A film of the theft had been shown the husband was also found guilty.

Shop theft this year is expected to total £500m, about 2 per cent of total retail turnover.

Two Comex executives to set up own business

BY KEVIN DOME, INDUSTRIAL STAFF

THE MANAGING director and general manager of French-owned Comex Diving, one of the leading underwater engineering and diving companies operating in the U.K. sector of the North Sea, are leaving the company to set up their own business in Aberdeen.

Mr. Malcolm Williams, the general manager, said yesterday that they intended to set up their own diving company in order to establish for the first time a British company in a major, dominant role in diving engineering.

"For many years there has been a predominance of British divers around the world, as there is in the North Sea, but the sad situation is that there has never been a British company in a major role."

Mr. Rick Wharton, Comex's managing director, and Mr. Williams have been with the

Procedures

The diving market in the U.K. sector of the North Sea alone is now worth between £80m. and £85m. with Comex accounting for about 30 per cent of that.

Mr. Wharton and Mr. Williams say they have already secured financial backing in principle from international banking sources in the U.K., but they will remain in control of the equity of the company.

They hope to begin diving operations in the second half of next year, initially with systems and procedures designed by other companies, and are looking at overseas markets to provide part of the business.

'Euro-law' decides case

THREE APPEAL Court judges in London took a European view of the law yesterday when they agreed that James Buchanan, the whisky distiller, should recover £36,000 Excise duty it paid out when 1,000 cases of export whisky were stolen in East London while being taken by road to Iran.

They dismissed an appeal by Babco Forwarding and Shipping (U.K.), of London, which, as carriers of the whisky, had sought under an international agreement to limit its liability to paying Buchanan the duty-free cost of the stolen whisky—£1,000.

Babco was given leave to appeal to the Lords.

Lord Denning, Master of the Rolls, giving a reserved judgment, said that when in Rome one must do as the Romans do. So, in the European Community one must do as the European Court would do in interpreting an international agreement.

"We should interpret it in the same spirit and by the same methods as the judges of the other countries do," Lord Denning said. "Applying that new method," was clear that Buchanan must succeed.

Lord Justice Roskill and Lord Justice Lawton agreed that the carrier's appeal against a decision of a High Court Master ordering it to pay the entire £36,000 should be dismissed. The whisky was being carried to Iran under conditions agreed at an international meeting.

Morning Cloud sold to Belgian yachtsman

MORNING CLOUD, Mr. Edward Heath's yacht, has been sold to a Belgian yachtsman, Mr. Albert Moerkens.

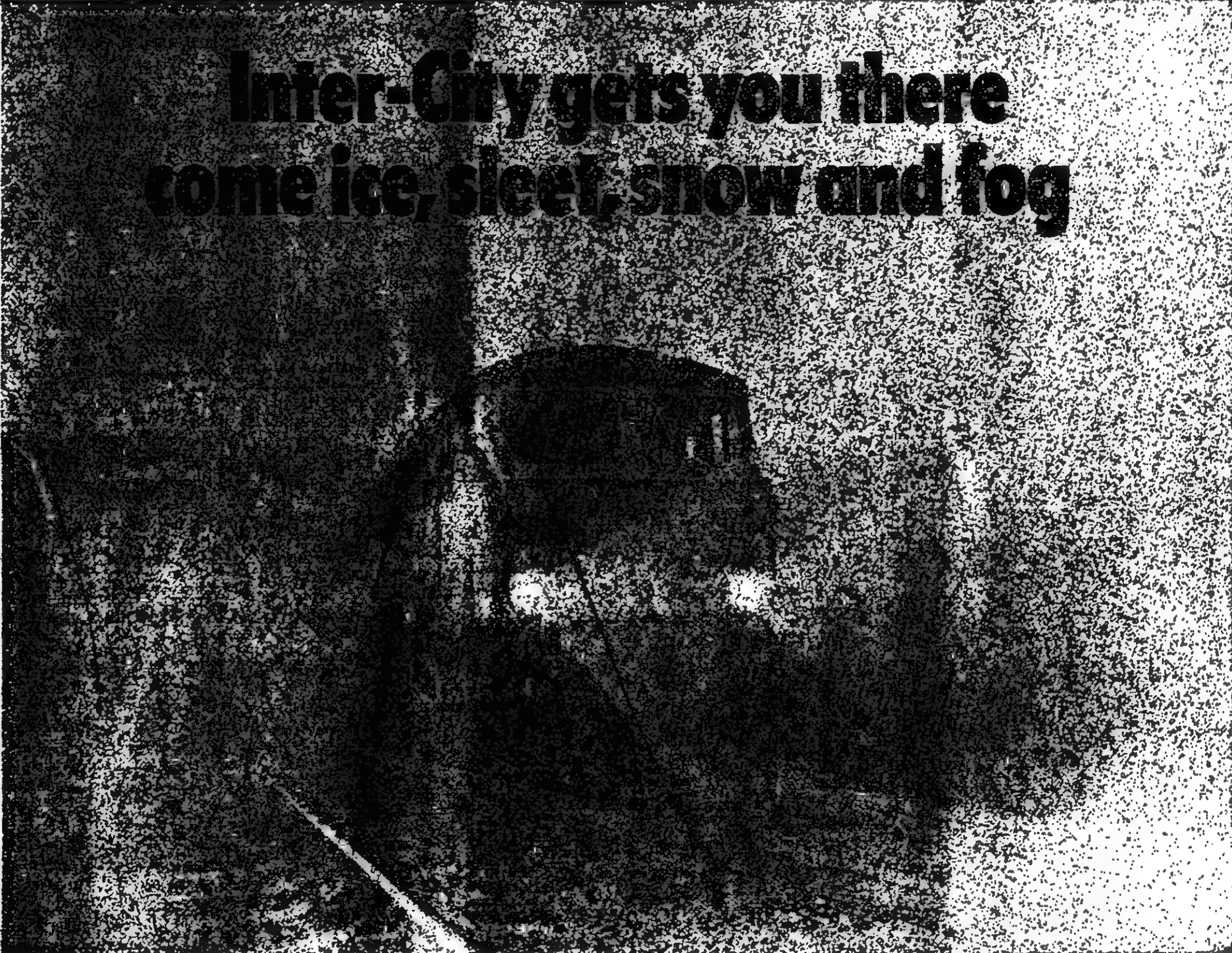
Mr. Moerkens, a member of the Yacht Club Neuport, Belgium, and the Royal Ocean Racing Club, will rename the yacht Phantom II and hopes to be selected for the Belgium Admirals Cup team for the 1977 international series.

Morning Cloud will probably sail for Belgium early in the new year after a routine refit at Borthon Boat's yard at Lymington.

The refit may include carrying out some modifications to the hull and rig to take advantage of recent changes in the racing rule for racing yachts.

Go-ahead for Swansea plan

A £350,000 scheme to build a block of four factory units at Floreafach Industrial Estate, Swansea, has been given the go-ahead by the Welsh Development Agency.



Even the best laid plans can fall foul of the weather. So it's reassuring to know that when you've got a journey to make, Inter-City is the safest way to go.

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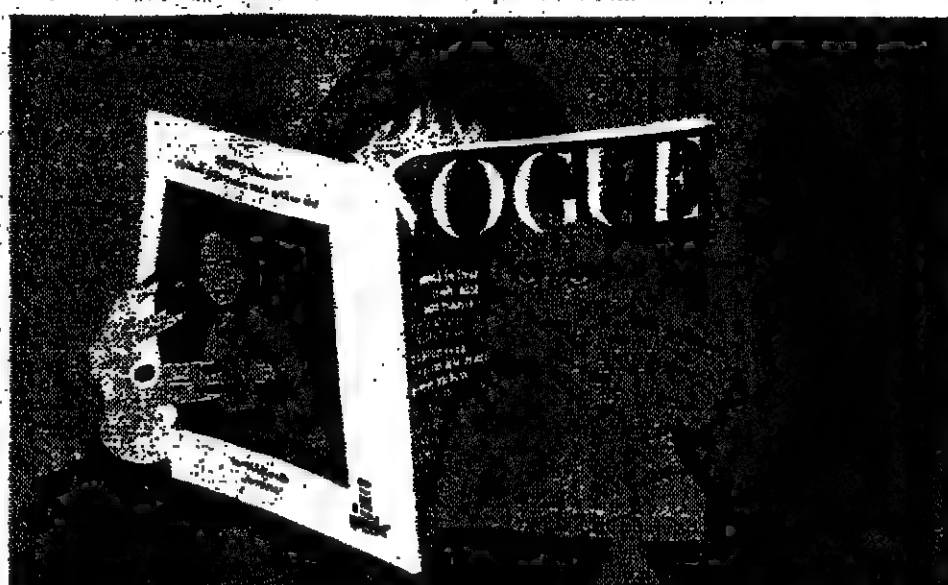
Next time the weather gets rough, remember who makes the going easy.

Fast and frequent Inter-City services cover 200 principal towns and cities in Britain. Here are some fastest journey times between London and major business centres.

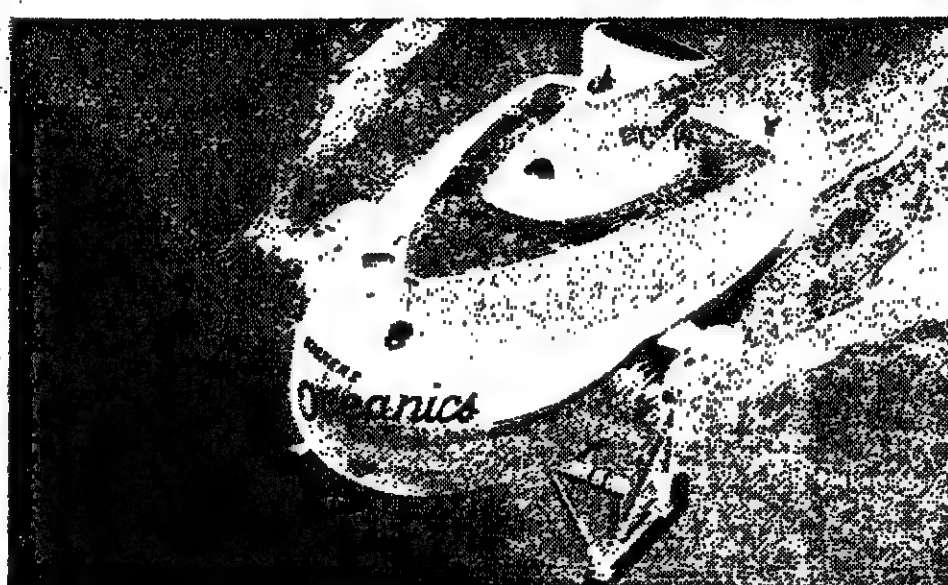
GLASGOW	5hr
MANCHESTER	2hr 26min
LIVERPOOL	2hr 31min
NEWCASTLE	3hr 33min
LEEDS	2hr 29min
SHEFFIELD	2hr 30min
BIRMINGHAM	1hr 31min
BRISTOL	1hr 32min
CARDIFF	1hr 53min
SOUTHAMPTON	1hr 10min
LEICESTER	1hr 24min
PLYMOUTH	3hr 42min
NOTTINGHAM	1hr 55min
STOKE-ON-TRENT	1hr 45min

Inter-City
makes the going easy

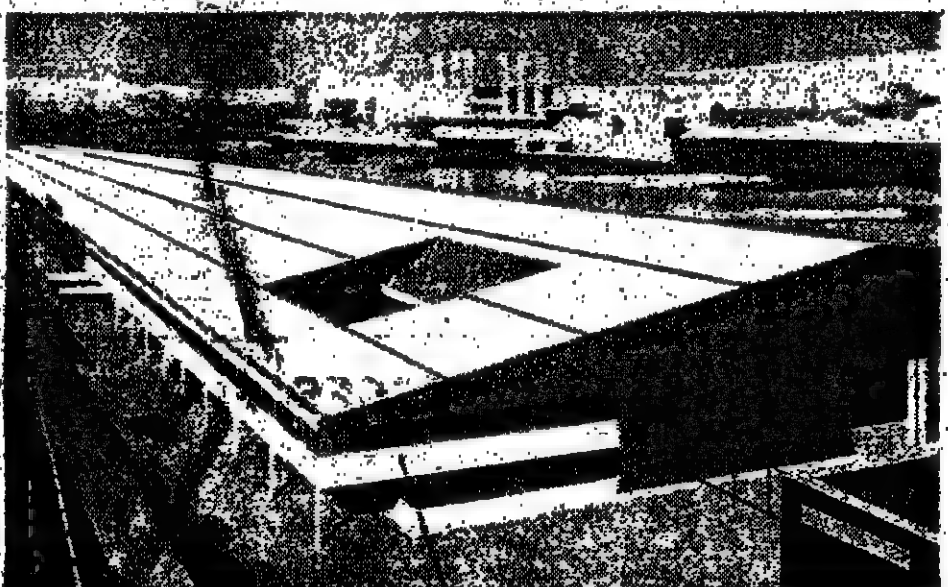
In 1977 once again our main concern will be building. On strength.



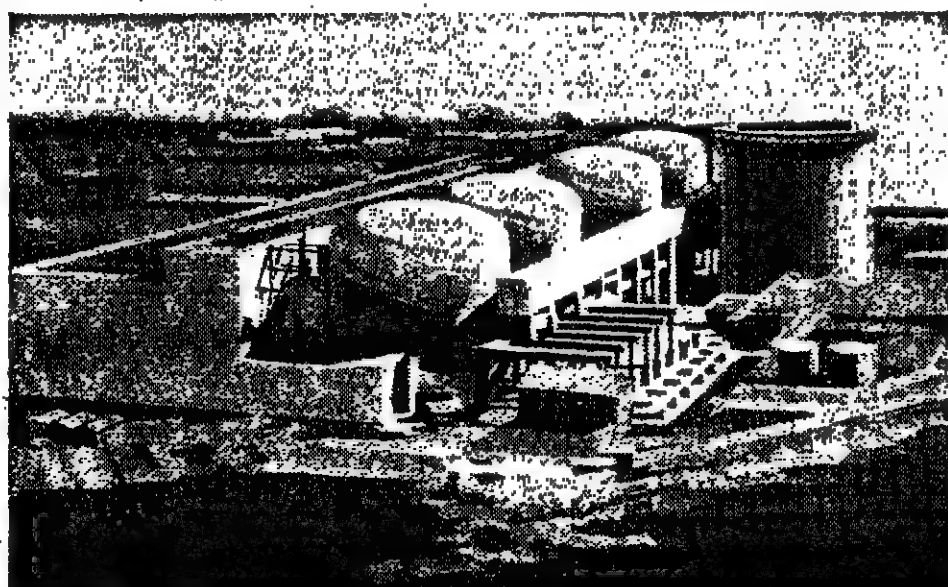
Building on the success of Howson-Algraphy printing plates.



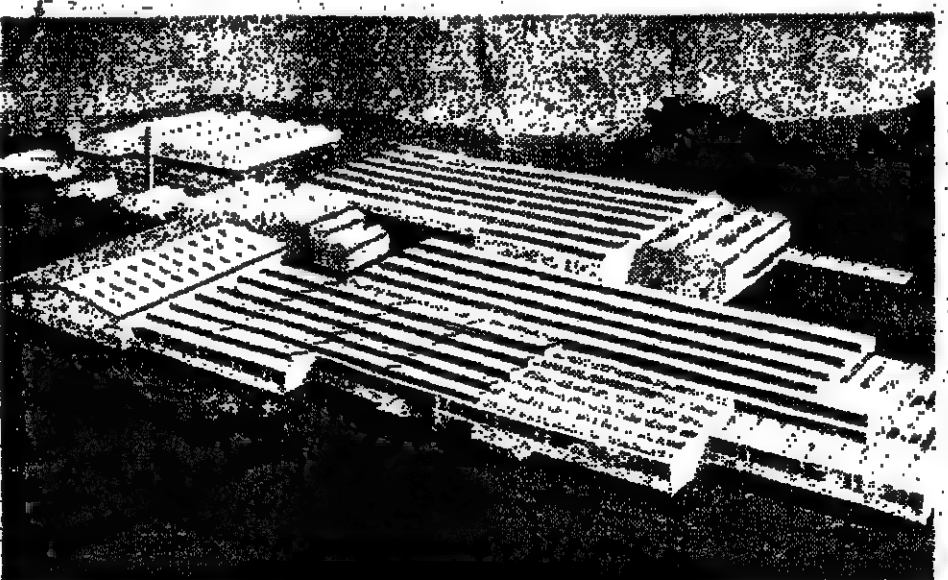
Building on our lead in off-shore engineering.



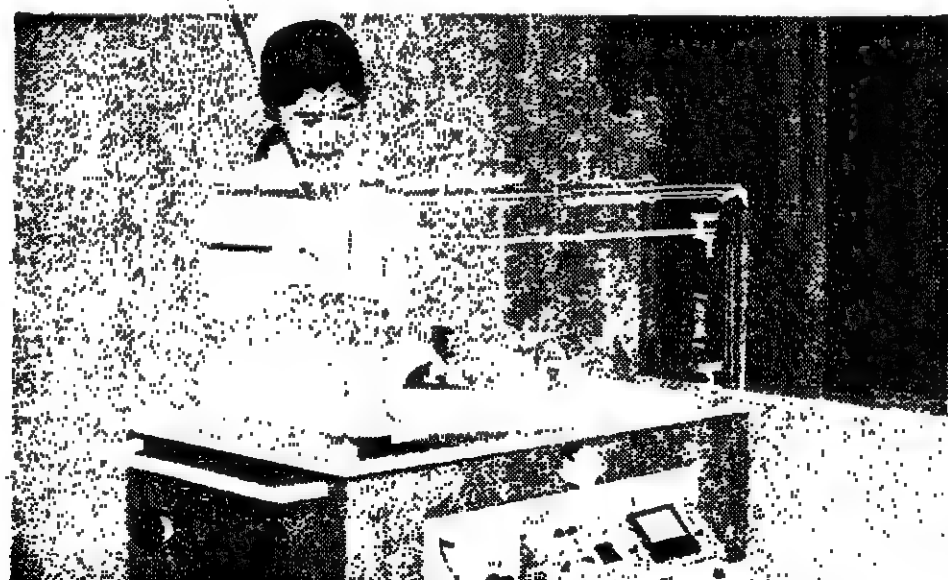
Building a new £4½ million plant for Michell Bearings.



Building more components in Canada for nuclear power stations.



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Building even more world-wide sales for medical equipment.

All the exciting developments now in progress throughout the Vickers Group have one thing in common. They are concerned with building on strength. And expanding still further the kind of activities that last year brought us record world-wide sales.

Vickers has always had a great tradition of engineering excellence. But we have always built on our successes rather than resting on our laurels, and have continually financed developments from our own resources.

The growth areas in which we are investing for the future are those in which we have already proved our ability. Lithographic printing plates, off-shore engineering, office equipment and supplies, and engineering ranging from medical incubators for baby care to nuclear plant and giant container cranes.

In Vickers we are putting our money where our strength is.

 **VICKERS**
Building on strength.



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

SECURITY

Signatures called up in a flash

SIMPLE and relatively low-cost equipment is being offered to banks and financial institutions allowing the immediate verification of signatures needed to transact business or release funds without any of the complications of competing systems, and operating very many times faster than costly manual retrieval systems.

Several years' research have gone into the development of the Geac 400 by its Canadian developer, Geac Computers.

It consists of a small, portable camera-type unit for the capture of the signature, a miniature processor and a disc drive. Up to 400,000 signatures are stored on a disc and up to eight discs can be accommodated in a Geac signature centre, giving a capacity per installation of 3m. signatures.

Any number of high definition signature display terminals can be attached to the equipment, over P.O. lines if required.

In use, the capture device digitises original signatures using video camera techniques. Filters built into this unit eliminate extraneous print. It is light and portable and can be operated by untrained staff to convert very large tub files into magnetic records without fuss.

Any number of signatures can be captured for one account number and, more important still, it is no problem to add such data as a daily account balance to the record of the signature. This information can come from an external magnetic tape record or through direct connection to large computers.

Access to the stored signatures—and to the account information if this is also stored—is

through the displays, which are of high definition to give a credible signature outline. If an account number or other form of coding is keyed in, the signature will immediately be displayed.

If multiple signatures are needed to validate a transaction on a given account, the keying in of the code will bring up all of them.

Banks, building societies and other organisations now maintaining very large centralised card files can now dispense with them since any branch can call up a signature over a P.O. line and the same can be applied to any other form of information provided it is stored against a code.

Software (operating instructions sets) for the equipment is supplied and installed on a turnkey basis, which means that Geac installs the equipment and sets it running to its own satisfaction before handing over to the user. In effect, this means that Geac is offering to solve a problem directly, with no user intervention other than supplying the information to be digitised and stored.

Geac 400 can be purchased, leased or rented. In the latter case, the cost for a capture unit, small central processor, 300 Megabyte disc drive and six display units would be about \$3,500 a month. Shipments will start in January, 1977, with delivery times of eight weeks from the date of order.

This equipment is very simple in concept if it is compared with, for instance, the work done at Stamford Research Institute, which analyses handwriting

motion and pressures to make it "virtually" impossible for a forger to obtain funds from an electronic funds transfer terminal system. However, it is immediate and gives a good reproduction of the specimen signature for comparison by a cashier.

Further from Geac Computers, 80 Stokes Croft, Bristol BS1 3QW, Bristol (0272) 425 811. Attention Mr. Isserstedt.

Doubling of spending on security

THE EUROPEAN market for industrial and residential security equipment is forecast to rise from \$488m. in 1975 to \$764m. in 1980, reaching \$1,177m. by 1985.

These figures are quoted in a study by market research specialists Frost and Sullivan. "Italy is currently the largest market in Europe because of its crime rate, but Germany presents the best market opportunities in the long term," says the report.

With a total population of 355m., the nine European countries covered in the study experience 4,700 crimes per 100,000 persons each year. All told, the number of indictable crimes, of which theft, burglary and robbery account for two-thirds, has doubled since 1969, risen by 40 per cent. since 1971 and went up

another 14 per cent. in 1975. The total cost in the nine countries was \$5,300m. in goods and property stolen or damaged.

The study forecasts "very significant growth" in the use of security equipment, notably multiple alarm central stations using telephone diallers and computerised information storage/readout facilities.

Imports are thought to account for some 35 per cent. of security equipment installed in the U.K., where the total current market is put at £170m. This is split almost equally between fire and crime prevention.

Further details of the report, Reference E160, from Frost and Sullivan, 110 Strand, London WC2.

INSTRUMENTS

Magnetic ferrous segregator

VARIATIONS in composition, heat treated condition, metallurgical structure, hardness and case depth as well as the dimensions of small ferrous components, can be checked with the aid of the portable Teledictor Type 1136 ferrous segregator.

Either hand-operated with relatively unskilled labour, or automated in conjunction with the company's Type 940 conveyor and 3-way sorting gates, the instrument is said to be capable of testing products at speeds up to 3,000/hr.

It operates on the magnetic bridge principle. A "standard" placed in one of a pair of matched coils is compared with

COMPUTING

Challenge to the big machines

NOW THAT senior spokesmen for both IBM and Burroughs have gone on to the defensive by saying that large machines, by 1980, will be used mainly for the administration of big data-bases, computer users' attention inevitably will focus more closely than ever on what new products of power the electronic engineers can pack into a mini or micro machine.

They will have a great deal to examine and among the latest products in this category are those from Varian, which has called one of its offerings "mainframe on a board". This reflects the company's belief that many users will think very carefully about the significance of using a central processor of the latest design, which costs under \$2,000, to replace a unit from a general purpose computer builder for which possibly ten to 20 times as much was originally paid.

Varian is providing an extensive software library and ability to use the machines in a whole series of high level languages. Ability to use the important TOTAL database management system is included.

More from Varian at Russell House, Molesey Road, Walton-on-Thames, Surrey, Walton-on-Thames 28871.

Products to be tested being placed in the second coil. When the two coil systems are in balance, that is, test sample and standard are of similar parameters, a straight line is shown on an oscilloscope screen. If the test sample differs from the standard a signal is produced which is shown as a sine curve, as harmonics, or a combination of both.

A gated monitor is provided with phase adjustment so that out-of-balance signals can be used to sort products into two or three groups. Counters indicate the quantities in each group.

Coils with stainless steel liners to minimise wear, are available in a variety of shapes, including rectangular, though the most popular is the round bore. They are produced in standard sizes of 50 and 100 mm nominal aperture, but diameters from 3 to 487 mm can be supplied.

The three Varian machines culminate in the V77-600 which provides 1m. 16-bit words of main memory, user micro-programming, and fast batch memory for just over \$25,000.

They are all aimed at making it much easier for users to employ them in families of hierarchies on communications and data network applications, with shared memory equipment or in distributed networks, without any need for the provision of special communicating interfaces.

Several programmes might be working on different sections of the machine routine, each of them could have a Prompt to facilitate development and debugging of that particular part of the programme. Sections developed in this way would be linked in the machine device. More from Intellect, 4 Between Towns Road, Cowley, Oxford OX4 3NB (0865 771431).

Printing in silence

OFF-THE-SHELF and low cost thermal printer equipment by Bowmar, announced at Electronics 76, will print up to 18 characters per line at 29.4 characters per line or 1.07 lines per second.

The TP-3120's non-impact printing method minimises noise and by reducing the number of

display unit, PROM programmer, 8080A microcomputer system and parallel and serial interfaces. An application envisaged by Intel for Prompt 80 is as a specialised PROM programmer peripheral for the Intel 800 micro development system.

In large projects where several programmes might be working on different sections of the machine routine, each of them could have a Prompt to facilitate development and debugging of that particular part of the programme. Sections developed in this way would be linked in the machine device. More from Intellect, 4 Between Towns Road, Cowley, Oxford OX4 3NB (0865 771431).

Design aid for micros

SELF-CONTAINED microcomputer design aid called Prompt 80, which is also able to programme only memories, is announced by Intel.

The TP-3120's non-impact printing method minimises noise and by reducing the number of

moving parts also cuts the printer's size and weight.

Reliability is assisted by the reduction in moving parts and mean time between failure (MTBF) excess of 3m. characters with an excess life of 1m. 32-bit lines. The solid-state dot matrix print-head can produce any character from 20 standard ASCII alpha/numeric characters and symbols.

Small size and weight, low power consumption make it suited for use in microcomputers, terminals, point of sale systems and other applications, including electronic equipment where the printer's low operating noise is an added advantage.

Bowmar Instrument, 43-45 Street, Weybridge, Middlesex TW16 9JH.

equipment is the Check-IT from Hunting Rivot, Old Street, London EC1A 3AB. Shureham Sussex (Shoreham 4511).

Supplied complete with leads, probes and case, the overall measurement range is 8 x 5 x 3.5 mm. It can be powered from mains or internal batteries.

Nominally rated at 7 kV, the tester delivers output voltages up to 10 kV at 250 microamps, controlled by a variable potentiometer. A meter indicates output voltage to one kilovolt. The unit also provides an accurate reading of the sample breakdown voltage even after the device may have been tripped out. A meter indicates at push-button choice, output kilovolts or leakage currents of one, 10 or 100 microamps full scale. Auto-trip operates at 100 per cent. of full scale setting.

Ability to measure down to one microamp allows the early stages of insulation breakdown to be detected and the component is the instrument becoming an adjunct to the multimeter is the engineer's tool kit.

Tests at high volts

USEFUL for testing the insulation of motors, transformers, generators and other electrical

Accurately calibrated mixtures

BGC Special Gases at Morden, South London, can now give an 0.001 per cent. absolute certification accuracy in a new standard of gas mixtures for the instrument calibration market.

Gold Star standard has been possible by the use of the most accurate balance of its kind currently available in the United Kingdom. Each component gas is gravimetrically weighed into full size cylinders of this specially developed high sensitivity instrument.

Certified Gold Star mixtures can be produced in virtually any combination and number of gases as long as the result is neither reactive nor explosive. The preparation tolerance of these mixtures is plus or minus 1 per cent. of component. Gas mixtures to this accuracy are used in calibration of systems can be employed in digital integration, and one of the biggest customers is the motor industry, which has a need for exact exhaust emission controls.

Special Gases can quarter discharges Gold Star mixture samples to the Environmental Protection Agency of the United States for comparison to ensure parity of standards.

Further from BGC Gas Services on 01-560 2123.

ENERGY

Fuel costs reduced

INITIAL RESULTS obtained from the first Enercontrol installation in the U.K. indicate that the claims made for savings in fuel costs of up to 20 per cent. may be substantiated.

The second installation was at the Post House Hotel at Heathrow Airport. An Enercontrol unit was supplied to Trust Houses Fort in September, where it controls only the public areas, not the bedrooms.

The system was invented by CSL in the U.S., where 1,200 units have been installed. The E1 model was supplied in Marks and Spencer's store at Wood Green in July. Early savings in electricity consumption were about 15 per cent. Capital outlay is expected to be recovered in 18 months.

Because the equipment switches loads such as heating, ventilating and air conditioning on and off on an average 15/20

minute cycle time, rated temperatures may vary by about one degree, not normally noticeable as a change in personal comfort.

At the store, when the ambient temperature was 66 deg. F, the temperature on the first floor was 71 and on the ground floor 69 deg. F, only one degree above the design temperature for the air conditioning equipment.

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that negotiations are in progress with organisations in the retail, brewing, industrial, commercial, and hotel sectors, as well as in the public sector. Orders in excess of £1m. are expected in the next year.

Enercontrol is designed for firms with electricity bills of at least £1,000/month. It is claimed to be technically far in advance of anything else on the market and can perform all functions of a full computer system at a fraction of the cost and without the overheads of special accommodation, software or trained programmers. Costs range from £2,500, depending on the size of the application.

One unit can control up to 600 individual energy loads (groups or single appliances), but even for very large buildings the normal requirement is only for about 100 loads. The system can be either hardwired (preferable with a new building) or can use a wireless circuit via a multiplexer unit to transmit signals to the controlled appliances.

The harness (an Aerocopy series M10 cargo control strap assembly) creates what amounts to a series of breakwaters along the top and sides of the bag. These reduce the surge to manageable proportions.

The system offers considerable savings to both the shipper and the ship operator, says BRC. When the bag is full, it is folded (when it occupies about 1 cu. metre) and returned at small cost, freeing the dry container for return of conventional cargo.

Liquids already carried include fruit juices, wine, vegetable oil, latex and some non-hazardous chemicals. BRC is negotiating with Lloyd's Register of Shipping and with Continental railways authorities to obtain certificates of approval.

More information from BRC (a Westland group company) East Cowes, Isle of Wight (098382 4101).

Jack Warren invites you to visit

STAND 1800

at the Offshore International Exhibition in Birmingham next week.

PROCESSES

Cuts made without chips

METALS, PLASTICS, rubber, and even paper tube can be cut to length without chips, and usually without dust, on the BMT 318 tube cutter developed by the Adair Tool Co. Westfields Road, London W3 0RE (01-993 1661).

Tube is conveyed to the cut-off length by a hitch feed unit incorporating pneumatic clamping to grip the tube. This is sufficiently powerful to draw tube through an optional two-phase 12-roll straightening unit direct from loose or level wound coils. The maker recommends cutting from coil as this machine eliminates scrap tube ends and handling difficulties associated with straight stock.

On metal tube, output rates of 1,800 to 2,100 pieces/hr can be achieved, while with plastics this rises to 4,000/hr. Tube capacity is from 1 to 14 inch dia. with a maximum wall thickness of 0.065 inch for metal and 1 inch for other materials. A machine suitable for pipe up to 3 inch dia. is available.

Production is pre-programmed on a batch counter. The tube remains stationary during cut-off.

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HANDLING

Carrying liquids in big bags

TESTS HAVE been successfully completed by British Hoverscraft Corporation on polymer-coated nylon bags which will carry liquid non-hazardous chemicals and foodstuffs inside 20-foot ISO containers.

One of the major problems when freighting bulk liquids is countering surges, and this has been overcome with the aid of a harness which is fitted tightly over each bag and connected by anchor rings welded to the container floor.

The harness (an Aerocopy series M10 cargo control strap assembly) creates what amounts to a series of breakwaters along the top and sides of the bag. These reduce the surge to manageable proportions.

The system offers considerable savings to both the shipper and the ship operator, says BRC. When the bag is full, it is folded (when it occupies about 1 cu. metre) and returned at small cost, freeing the dry container for return of conventional cargo.

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POWER

MK favours new plug

PERHAPS not surprisingly, MK Electric, the country's biggest supplier of domestic electrical fittings, has also now held a Press conference about the proposed new "Worldwide" standard of mains plug and socket.

Although the stated aim was to present facts rather than take a fixed point of view the company believes on balance that adoption of the new standard "would be in the best interests of the U.K."

Unfortunately, like the BSI and the Department of Prices and Consumer Protection, no figures were forthcoming about the cost of the nation of making the change. Previously published figures which work out at about £3 per household per year over a ten year period were not really refuted: indeed MK managing director Mr. L. G. Hazzard admitted that there is a dearth of real data on the subject and stated that the company would be taking a closer look.

The argument MK believes, goes deeper than immediate cost to U.K. householders (who, for the most part still does not know what is planned).

It revolves much more, claims MK, round the ultimate position in which the U.K. would find itself if it did not ratify, countermand or leave the EEC now underpinned in law in favour of the British standard.

Japan and South Africa are a number of emergent Middle Eastern, African and Asian countries who will readily accept because they are virtually "starting from scratch."

The Italian-built Lamborghini machines will develop 115 hp. and 89 hp. and will be available in both two and four wheel drive forms. Both have three-point linkage with positive and draught controls—the larger has a lift and link capacity of 11,025 lb. and the smaller lifts 8,380 lb.

Two new two-wheel drive White Field Boss tractors will be on show, with 135 and 155 hp available in the two- and four-wheel drive versions will be introduced

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Revealing Canon Copiers, the next step forward in copying.

Famous world-wide for sophisticated lenses, cameras and optical equipment, Canon have applied their enormous build-up of experience, vast research and development skills, to the problems of copying systems.

These problems were identified as poor quality of copies, all too frequent periods when machines are out of service and poor response to calls for service.

Proved around the world

Over 15 years of intensive research by Canon went into developing what is truly the New Process for copying (hence individual machines designated by NP).

It incorporates technology that is highly advanced mechanically, optically and electronically.

The system has been tested and proved around the world - America, Europe, Asia - and is now available in the United Kingdom.

Consistent copy quality

A major factor in the international success of the Canon range is consistently high copy quality. Copies are sharp and clear not just after an engineer's visit, but for copy after copy, after copy.

Canon's new copier range incorporates a process that is approximately 50 times more sensitive to light than other systems. They give copies with solids and lines that are exceptionally sharp and clear.

With pictures and half-tones, the tonal range has unusually smooth gradation across the copy image.

Simple to run

Canon copiers also consider the operator. Controls are simple.

Paper loading is made easy with cassettes. On some models paper sizes can be selected by push-button.

The Canon Total Guarantee Agreement

Every Canon copier installation is part of a Total Guarantee Agreement.

This means to the user that we guarantee that Canon technology and standards of maintenance will assure consistent copy quality.

We guarantee that this same technology and efficient after sales service will ensure maximum machine operational performance.

We also guarantee that Canon pricing and support assures implementation of pre-determined costs.

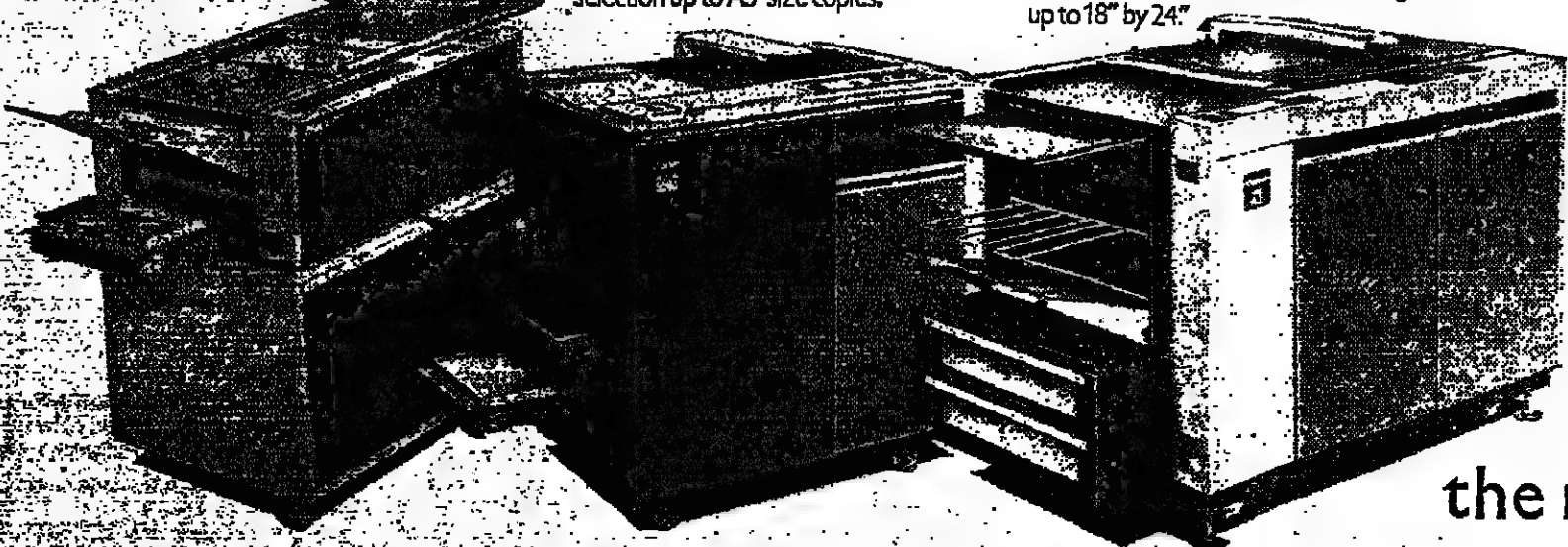
All this makes Canon copiers the major step forward in plain paper copying.

The next step forward is now up to you.

The NP-70, A3 capability, competitively priced.

The NP-5000, push-button selection up to A3-size copies.

The NP-A2, the only plain paper copier that will make size-for-size copies of originals up to 18" by 24"



To: Canon Business Machines (UK) Ltd.,
 Sunley House, Bedford Park, Croydon CR0 0XF Telephone: 01-680 1966.
 Please let me have further details on Canon Copiers ☐
 Please arrange to see me ☐
 NAME _____
 POSITION _____
 COMPANY _____
 ADDRESS _____
 TEL _____

FT 3/12

Canon
 the next step forward in copiers.

PARLIAMENT



Employers' surcharge proposal worries MPs

Mrs. Thatcher accuses Foot of trying to railroad Bill

BY JOHN HUNT

PM sees scope for more arts patronage

THERE WILL be no major changes in the Government's policies towards the arts, Mr. James Callaghan Prime Minister said in a Commons written reply yesterday. He also said there was considerable scope for increasing arts patronage from private individuals and companies.

Replying to former Minister for the Arts, Mr. Hugh Jenkins (Lab. Putney), Mr. Callaghan said the Government's policies towards the arts were generally on the right lines.

The present system, under which independent bodies such as the Arts Council had control of the detailed distribution of public funds, would continue.

On patronage, Mr. Callaghan said: "The Government believes that patronage is an important way in which firms can demonstrate their concern for the quality of the environment and of society."

Further industrial sponsorship would be welcome. Artistic enterprises would also have to keep to the maximum the amount earned from the box office.

The Government attaches importance to the encouragement of artistic activity outside London. The national companies have an obligation to perform regularly and widely outside the capital.

Mr. Callaghan said that the Government included a flourishing partnership between the regional arts associations and the Arts Council in which the council remained the instrument for distributing Government money and the associations provided the first means of bringing together all local interests in a constructive way.

Mr. Callaghan said that the owners or occupiers of historic buildings would be encouraged to continue living in them and maintaining the mellow glow of reasonable access to the public.

Tory suggests vote check on new Peers

A **TORY MP** suggested yesterday that before new peers were created there should be checks to see if they intended to vote. It was rather absurd that Labour's voting strength in the Lords should be about 90 when, alone and unaided, Sir Harold Wilson had created over 200 life peers, Mr. Douglas Hurd (C. Mid-Oxon), said in the Commons.

Mr. James Callaghan, Prime Minister, announcing the new scrutiny committee to examine proposals for political honours, said it would not be part of their responsibility to inquire whether recipients intended to attend the Lords.

The committee is normally chaired when a new Prime Minister takes office. The new members are Lord Shackleton (Lab.), Chairman, Lord Carr of Hadley (C.) and Lord Franks (LI).

Credit unions

DISCUSSIONS ARE taking place with representative organisations concerned with credit unions about the possibility of providing a more satisfactory legislative framework for credit unions within the legislation proposed in the White Paper on the financing and supervision of deposit-taking institutions.

This was disclosed in the Commons yesterday by Mr. Deazil Payton, Treasury Minister of State, in a written reply.

Tory choice

WARWICKSHIRE businessman Mr. Ray Rayner, aged 43, has been adopted as prospective Conservative candidate for Stoke South. The seat is held for Labour by Mr. Jack Ashley.

THE GOVERNMENT has run into trouble with its plans to push through the Bill introducing the 2 per cent. surcharge on employers' National Insurance contributions from next April.

There was furious opposition from the Conservatives yesterday when Mr. Michael Foot, Leader of the House, announced during business questions that the Government intends to allow only two days next week for all the Commons stages of the legislation.

Mrs. Margaret Thatcher, Leader of the Opposition, denounced as an "absolute disgrace" Mr. Foot's proposal to allow a second reading next Monday and have all the remaining Commons stages on Wednesday. She accused him of trying to "railroad" the Bill through the House.

To make matters worse for the Government, there were renewed signs of hostility from Labour backbenchers who are worried that the Bill, a year which it would take from employers will lead to an increase in the number of jobs.

When a financial paving

motion on the Bill came up in the Commons late last Tuesday night, some Labour Left wingers threatened that they might not vote for the legislation—the National Insurance—Surcharge Bill—unless they received further reassurance on the possible repercussions on employment.

On that occasion, Mr. Robert Sheldon, Financial Secretary to the Treasury, conceded that he had seen an estimate that the minimum figure of unemployment caused by the Bill up to the fourth quarter after its introduction would be 10,000. But he would not say what the maximum figure would be.

Yesterday, Mrs. Thatcher pointed out that the Bill was a major taxation measure. Mr. Foot was trying to push it through the House before people had a chance to study it or make representations. She demanded that it should be removed from Wednesday's business to give an adequate chance for representations to be made.

Mr. Foot told her that he was only prepared to put back the Bill for one day that the remaining stages could be taken

on Thursday rather than Wednesday. Mrs. Thatcher snapped: "That just is not good enough. The whole reason we are here is to scrutinise taxation and redress grievances. We must not impose them without knowing how they are going to affect our many constituents and organisations."

She called for a reasonable interval of time between second reading and remaining stages. In addition she emphasised that the only opportunity for meaningful discussion of the measure was in the Commons. There was no possibility of the House of Lords revising the legislation as it was a money Bill.

There was a warning shot from the Government benches when Mr. Leslie Spring (Lab., St. Helens) told Mr. Foot: "Many on this side of the House wish to have a look at this to see what the effect on unemployment will be in the country as a whole before it is dealt with. Will you consider giving more time for consideration and discussion before the debate?"

But the Leader of the House told him it was intended to proceed along the lines already suggested. He recalled that the

measure had originally been announced in the Chancellor's package last July and there had already been considerable time for discussion.

In further protests, Sir Geoffrey Howe, shadow Chancellor of the Exchequer, pointed out that the Bill had only been published on Wednesday. It had then become apparent that the surcharge would also apply to charities and churches and he thought that this was a major departure.

He was supported by Mr. Francis Pym, shadow Leader of the House, who argued that one solution could be to send the Bill to a Standing Committee rather than take all the remaining stages on the floor of the House.

Mr. Foot cautiously promised to look at this suggestion but made no commitment.

● The Government later claimed that it was essential to get the Bill through next week because that is the latest time employers with big pay rolls can make the necessary adjustments to their computer programmes to meet the scheduled introduction of the surcharge in April.

Callaghan rejects Tory public spending claim

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

WITH BOTH SIDES of the Commons yesterday seeking to back the prospective IMF package, Mr. James Callaghan, Prime Minister, disputed a contention by Mrs. Margaret Thatcher, Leader of the Opposition, that the public sector borrowing requirement were a main reason for "our poor industrial performance."

In Mr. Callaghan's view, there was no relationship at all between industrial performance and public expenditure.

"The reason why companies don't invest are many and manifold—as was discovered by Mrs. Thatcher's predecessor, Mr. Heath—and I believe these are reasons here which go far beyond the public sector borrowing requirement," said the Prime Minister at question-time.

"I know this is the sector on which there is much concentration at the present time. But many other elements are concerned," he added.

Mrs. Thatcher retorted that Mr. Joel Barnett, Treasury Chief Secretary, did not agree with the view now being expounded by the Prime Minister. In a speech last Friday, Mr. Barnett had argued that the levels of public expenditure were a very important reason for poor industrial performance, said the Tory leader.

Moreover, the Prime Minister himself had indicated that

industry should have absolute priority. "Do you go back on that, too?" she asked.

Mr. Callaghan insisted that Mrs. Thatcher should not put words into his mouth or into the mouth of the Chief Secretary. Quoting from the speeches "concerned should be looked at in their context. But certainly major aid for our industrial strategy must be first."

The Prime Minister pursued the point and plainly with mischievous intent, contended that Mrs. Thatcher, herself, knew words removed from their background and different accents placed on them.

For instance, the difference between saying "I will never speak to the Member for Bexley, Sidcup again!" and "I'll not speak to that man ever again!"

Mrs. Thatcher did not deign to reply, and the Labour side pressed its views.

Mr. Giles Radice (Lab., Chester-le-Street), if he agreed that the very difficult economic decisions facing the Government were how to restore confidence in sterling and a steady reduction in the borrowing requirement without, at the same time, deflating further an already deflated economy, it was vital to strike the right balance.

Mr. Callaghan found this de-

scription of the needs of the situation unexceptionable. This was indeed the problem facing the country—the need to promote confidence in overseas holders of sterling without, at the same time, driving the country into a downward spiral. "I hope we shall come up with the right solution," said the Prime Minister.

But the Labour Left wing had another view. Mr. Norman Ashton urged Mr. Callaghan to agree that there could be no solution to the country's substantial employment problem without a substantial reduction in the working week.

He asked for an assurance that nothing would prevent the steady reduction of the working week "so that we can bring about the creation of the kind of demand in industry."

Mr. Callaghan looked doubtful. The unemployment problem was clearly affected by the world recession in trade. "But I agree there is a growing structural problem which affects not only this country but the whole Western world."

"When we have a balance of our payments that might be the time when we will be able to turn to the kind of measures Mr. Atkinson is suggesting—and other countries may have to do the same," said the Prime Minister.

Labour MPs join occupational pensioners' Bill protest

BY JOHN HUNT

THE GOVERNMENT Bill to reduce the unemployment benefit which is paid to those drawing an occupational pension of more than £25 a week came under fire from the Tories and from Labour's own backbenchers during the second reading debate in the Commons last night.

It was severely criticised by Mr. Patrick Jenkin, shadow Social Services Secretary, who claimed that the Government's prescription seemed to be "equal misery for all."

Mr. David Ennals, Social Services Secretary, stoutly defended the measure as essential in achieving the Government's public expenditure cuts and said it would produce a saving of about £75m. in a full year. But throughout a long speech he was continually heckled by Labour backbenchers, some of who indicated that they were doubtful about voting for the legislation.

A leading Left winger, Mr. Ian Mikardo (Bethnal Green and Bow), said many Labour MPs were puzzled at the measure and would have to decide what to do at the end of the day.

Mr. George Cunningham (Lab., Islington and Finsbury) complained that occupational pensioners would be worse off than those on unemployment benefit. He pointed out that unemployment pay is untaxed whereas occupational pensioners are subject to tax, and reasoned that the new rule would mean that a higher proportion of a pensioner's total income would be subject to tax.

Mr. Robin Corbett (Lab.,



Mr. Patrick Jenkin

Hemel Hempstead) argued that some distinction should be made between people who retired voluntarily and those who were forced to retire. He did not think it should be beyond the wit of the Government to make this distinction.

In addition to occupational pensions, the Bill also stipulates that the weekly earnings limit above which retirement pensions and other benefits are reduced should remain at £25 in April but should be subject to annual review. It also proposes to

remove students' entitlement to supplementary benefits in the Christmas and Easter vacations.

Putting the case for legislation, Mr. Ennals said that in the present economic situation it was common sense for the Government to consider where savings could be made in the social security budget. This could best be done by removing or diminishing benefits to people who had adequate financial provision from another source.

"We should take action to ensure that benefits are not made available where the need for them and the case for them is manifestly not established," he said.

Over many years, there had been repeated concern over the payment of unemployment benefit to occupational pensioners and this concern had been common to Conservative and Labour Governments.

The best approach was to make any restrictions on that which remedied the acknowledged ill but secured the necessary saving without imposing undue hardship. In practice, he said, it would not be possible to "select" occupational pensioners by offering them a job.

The arguments for a change in the system were strong in 1968-69 and even stronger now when the need for restraint in Government expenditure was greater than ever.

In addition, it was essential to avoid any misuse or abuse of public funds. "I am convinced that it is right for use now to grasp the nettle with a view to achieving what successive Governments have hitherto failed to accomplish," he added.

Mr. Jenkin said Conservatives would not oppose the second reading of the Bill but would try to "delete at later stages the clause depriving occupational pensioners receiving more than £25 a week of unemployment benefit."

He urged that a tax credit scheme would be the best way of lifting a large number of households out of supplementary benefit altogether. The cost of doing this had been reduced because the tax threshold was now so much lower in real terms.

Mr. Jenkin attacked the part of the Bill on new powers of disclosure by the Inland Revenue.

"How will the considered information given to the Inland Revenue under strict secrecy by taxpayers be treated when it reaches the Manpower Services Commission, the Employment Service Agency and the Training Services Agency?" he asked.

On mobility allowance for the disabled Mr. Jenkin stressed that the cash must offer a real alternative. The £5 a week allowance was not enough to give proper

Written Answers

TRADE

Mr. Robert Taylor (Cons., Glasgow, Cathcart), will applications for call against dumping be dealt with without any further delay than at present when responsibility for anti-dumping measures is taken over by the EEC Commission in July?

Mr. Michael Mearns, Under-Secretary for Trade, told the Commons that two procedures, continuous-descent and managed-drag, would be committed to give a less noisy approach.

Under the continuous-descent technique, an aircraft maintains a steady rate of descent from a much greater height and distance, cutting out the period of low-level cruise over built-up areas of London.

TREASURY

Mr. John Wakeham (Cons., Malden), is there any further information concerning the withdrawal of Civil Service support to the Voluntary Savings Movement?

Mr. Dennis Davies, Minister of State, No. 10, The Voluntary Savings Movement has not yet made proposals to us for its future role without Civil Service staff support and I therefore have nothing at the moment to add to earlier statements.

INDUSTRY

Mr. Michael Marshall (Cons., Arundel), What is the cost of the share registry survey which is being conducted by the department?

Mr. Leslie Huchfield, Under-Secretary, About £115,000.

Mr. Michael Marshall, How many organisations have refused to take part in the Department of Industry's share registry survey, and what percentage of the total sample?

Mr. Leslie Huchfield, All but two (representing less than one per cent.) of the 286 companies approached co-operated in the survey.

Mr. Michael Grylls (Cons., North West Surrey), With how many British company officials of the department have had discussions designed to lead to the conclusion of a planning agreement, other than those public and private sector companies named by the department earlier in 1976 as being engaged in formal discussions about planning agreements?

Mr. Leslie Huchfield, Mr. officials are currently involved in informal exploratory discussions with a number of companies and announcements will be made as and when discussions with specific companies reach an advanced stage.

Mr. Michael Brotherhood (Cons., Louth), What are the companies wholly-owned by the Government (other than the nationalised corporations): their profits or loss for the latest financial year; and how many people are employed?

Mr. Leslie Huchfield, Apparent Shipbuilders (1,159 employees): A pre-tax loss of £33,233 by the group in the year ended September 30, 1976. Beagle Aircraft (In Liquidation, Cable and Wireless (9,514 employees): Year ended March 31, 1976, profit after tax and extraordinary items was

Heathrow noise test planned

By Michael Dwyer

Aerospaces Correspondent

A NEW TECHNIQUE for reducing disturbance from aircraft noise on the easterly approach path to Heathrow Airport between Lambeth and New Heath will be tested from December 30.

Announcing the trial yesterday, Mr. Stanley Clinton-Davis, Under-Secretary for Trade, told the Commons that two procedures, continuous-descent and managed-drag, would be committed to give a less noisy approach.

Under the continuous-descent technique, an aircraft maintains a steady rate of descent from a much greater height and distance, cutting out the period of low-level cruise over built-up areas of London.

Heffer warns on devolution Bill

A WARNING that some Labour MPs would defy the Government over the Devolution Bill was given in the Commons yesterday by Mr. Eric Heffer (Lab., Walton).

He said that on such a fundamental question of the constitution, MPs from both sides were not going to worry about three-line whips.

Mr. Michael Foot, Leader of the House, who had just announced that the second reading of the Bill would be discussed on December 13, said there was no doubt about the Government commitment to it.

Mr. Foot said it was for each MP to judge whether to obey the whip, but he stressed: "The Government believes it is essential, in the interests of the U.K. as a whole, that this measure should go through this session."

The Government recognises that there might be alterations to the Bill as it went through the Commons. That is only natural. We are certainly not intending to ram this through the without a single amendment.

Mason claims success against terrorists

MR. ROY MASON, Northern Ireland Secretary, yesterday claimed "a high success rate in bringing the gunmen and criminals to justice." There had been a "further decline in popular support for the Provisional IRA," he added.

Mr. Mason rejected a Commons demand by Mrs. Maureen Colquhoun (Lab., Northampton N.), to call in help from the United Nations. "This is a British Government responsibility and not one for the United Nations," he said.

Mr. Mason told MPs that already this year 1,183 people had been charged with terrorist crimes, including 116 with murder and 103 with attempted murder. This was "a measure of the ironies now being meted into the ranks of the terrorists."

During the same period, 13 people had been murdered as a result of sectarian and inter-factional assassinations.

In an attack on terrorists in both sides, the Minister said there were a "few gangsters and callous murderers in the ranks of the UVF, UFF and Provisional IRA who are responsible for these sectarian killings."

By far the vast majority of people in Ulster were not involved and did not have anything to do with the violence towards each other, he declared.

J. DYKES (HOLDINGS) LIMITED

Statement for Half-year to 31st July, 1976

The Directors have declared an interim dividend of 0.55 pence per share (1976-0.56 pence per share) on the ordinary shares for the year ending 31 January 1977. The interim dividend will be paid on 29 January 1977 to holders of the ordinary shares capital of the company on the register at the close of business on 17 December 1976.

The results for the half-year to 31 July 1976 (unaudited) are as follows:

	6 months to 31/7/76	31/7/75
Group turnover	2,080,173	1,997,251
Group profit before taxation	23,516	20,108
Corporation tax	9,576	10,425
Net profit after taxation attributable to J. Dykes (Holdings) Ltd.	13,939	9,683
Deduct: Half-year's dividend on 8% preference shares	4,300	4,200
Interim dividend of 0.55 pence per share on the ordinary share capital	19,478	19,478
	23,576	23,576
Retained profits	(£10,039)	(£7,990)

Chairman's Comments
Reduced profit results from unprecedented circumstances including drastic fall in sterling. Present trading figures show substantial improvement.

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— PRIVATE PLACEMENT —

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Parkland Textile (Holdings) Limited

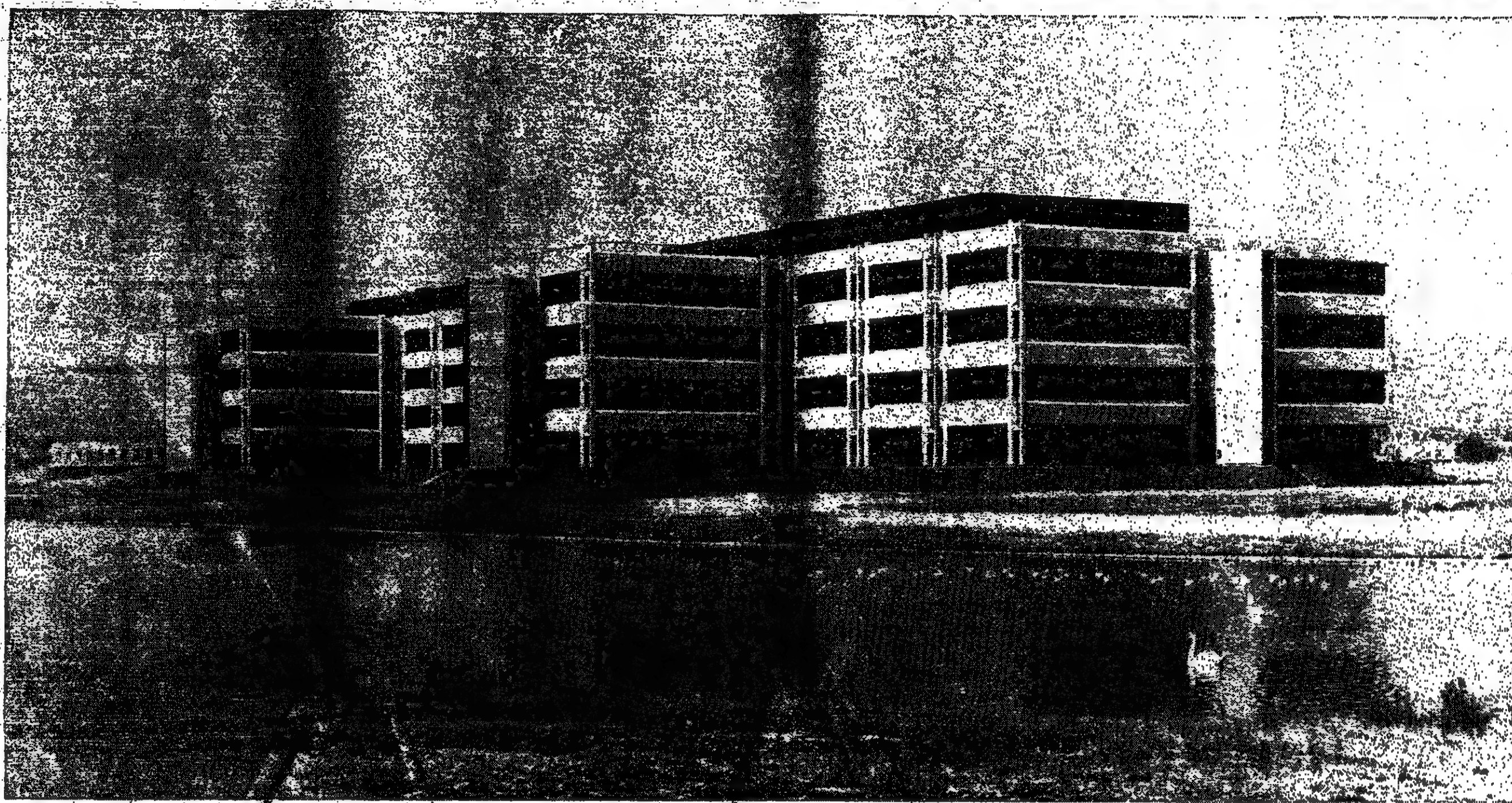
UNAUDITED RESULTS FOR THE HALF YEAR ENDED 3RD SEPTEMBER, 1976

	Half year ended 3rd September 1976	Half year ended 29th August 1975	Year ended 27th February 1976
Turnover	10,722	10,000	10,000
Group profit/(loss) (before tax)	674	1,197	1,197
Taxation — estimated	350	(167)	33
Attributable to parent company	316	(84)	32
Ordinary Dividend	4.875%	(191)	(35)

I regard these results as particularly satisfactory as they have been achieved against a background of uncertainty in the textile industry and in the country's economy. Our order books are substantial and with nine months of the year already completed, I anticipate that the remainder of the year will also be successful.

J. L. HANSON, Chairman

IBM'S LATEST VOTE OF CONFIDENCE IN THE BRITISH ECONOMY



OFFICIAL OPENING OF NEW £17M PORTSMOUTH HEADQUARTERS TODAY

Today's opening of the new £17 million IBM headquarters at North Harbour, Portsmouth, marks the latest step in the company's 25 years of growth in the UK.

One of the largest fully air-conditioned buildings in the country, it houses 1,400 staff, of whom over 700 were recruited locally.

The new four-storey building is on a 125-acre site which IBM reclaimed from the sea as a major part of the Portsmouth Harbour reclamation scheme. It occupies 360,000 square feet—more than twice the area of the previous London head office.

Adjacent to it is another new building—of 107,000 square feet—which houses a large computer complex, the European hub of an internal information system that links computers in major IBM locations around the world.

North Harbour is just one example of IBM's continuing investments in Britain. Three other building projects are under way.

The manufacturing plant at Greenock in Scotland is being extended. Other work over the next two years will bring the total building area to 600,000 square feet.

A new block at the Hursley development laboratory near Winchester—IBM's largest outside the USA—will be ready for use next summer.

And due for completion at about the same time is the first phase of the company's new multi-million-pound Midlands Marketing Centre at Warwick.

In addition, a number of other projects are at the planning stage, including the recently-acquired 37-acre site at Greenford, Middlesex. These investments are all part of a record which, in 25 years, has seen IBM United Kingdom Limited grow from one office with under 100 employees to a direct employer of 13,000 people at over 40 locations throughout Britain.

IBM helps provide more jobs through its need for goods and services. In 1975, for example, this amounted to a purchase value of £50 million, from some 2,700 UK firms, large and small.

The company has also introduced new technology and associated skills to the UK through its activities at the Hursley laboratories and the manufacturing plants at Greenock and Havant. And its products have offered British industry, commerce and government new and more effective ways of increasing productivity.



IBM's other locations throughout the United Kingdom: manufacturing plants, a development laboratory, a scientific centre, administrative offices, education centres and sales offices. IBM's activities include manufacture and marketing of computers, from a portable model to very large systems; and the marketing of advanced office products such as memory typewriters, dictating equipment and photocopiers.

25 YEARS OF GROWTH IN THE UNITED KINGDOM

- 1951 • IBM United Kingdom Limited formed
- Manufacturing started in temporary premises at Greenock, Scotland
- 1952 • First IBM computer installed in the UK
- 1954 • Greenock manufacturing plant opened
- 1,000th employee joined the company
- 1958 • Development laboratories established at Hursley, Winchester
- 1961 • Turnover exceeded £4 million
- 1964 • Greenock plant extended
- 1965 • Exports exceeded £10 million
- 5,000th employee joined the company

- 1967 • Manufacturing began at Havant, Hampshire
- New head office occupied at Chiswick, London
- Second Greenock plant extension opened
- IBM Information Services Limited established
- Turnover exceeded £90 million
- 1968 • Education Centre opened at Sudbury, Middlesex
- 1969 • Scientific Centre opened at Peterlee, Co. Durham
- Exports exceeded £30 million
- 10,000th employee joined the company
- 1971 • Turnover exceeded £170 million
- 1975 • General Business Group formed in the UK, establishing a major new group to service office equipment and small computer users
- Exports exceeded £170 million
- Turnover exceeded £390 million
- 1976 • New headquarters opened at North Harbour

'We need to re-awaken our slumbering self-confidence as a nation'

'Bad news, it is said, travels fast. In this country at the moment, bad news seems to be the only kind of news that travels at all.

Businessmen and politicians tend to lay the blame for this at the doors of the media. But perhaps the media are guilty only of reflecting what has recently become one of the country's most debilitating characteristics—a destructive habit of self-denigration.

Of course our conditions are difficult at the moment. Certainly the immediate economic prospects are far from promising. Unquestionably we need to increase industrial investment and responsiveness to the needs of the marketplace, and to reduce unemployment. We also need to spend more, rather than less, on the education and training of our youth, to help them make the world a better place to inhabit in the future. And we need to make the present more secure for our disabled and aged.

But we shall not achieve these objectives until we restore overseas confidence in us as a nation, and we shall not do that until we regain confidence in ourselves.

We need to re-awaken our slumbering self-confidence as a nation of industrial and mer-

cantile innovators, and stifle our aptitude for placing the responsibility for our shortcomings at everyone's door but our own. We must revive a belief in our own ability and so restore our faith. We need to marshal our strengths and resources for success.

Government and both sides of industry will have to play their part in this. But I believe that the overall national interest will ultimately prevail.

Perhaps then, good news will begin to travel faster.

E. R. NIXON, CBE, Managing Director
IBM United Kingdom Limited



IBM
IBM United Kingdom Limited

BY QUENTIN GUIRDHAM

THE Stock Market has made up its mind that current cost accounting proposals do not endanger the future of property investment companies. Yesterday, though it was said that the rally in property shares was technical, with the jobbers short of stock in some second line companies, the trend was again distinctly bullish.

The argument for buying is that annual valuations will lend credibility to the sector and produce some surprisingly good results in companies like United Real (up 6p yesterday to 133p) which have not revalued since 1957, by long ago—so much so that it went public in 1961 in the case of United Real. The counter-argument is that depreciation of buildings could impair companies' ability to embark on new projects and expand their operations. But buyers are not frightened by these general reasons. Fundamentally, they never bought property shares for income anyway and, at least for the last two years, were looking for capital growth and tax advantages and not to any future developments. Besides, the Morpeth proposals are a draft, and the real question comes when the Government decides whether to define distributable profits.

Providing for depreciation on buildings is a way of showing

the true worth of companies if present lines involves too much ar and not enough science, so they are to continue their present scope of business. If that both elements in the need not alter their revenue appropriation account—the profit position, and it would be and the revaluation surpluses—surprising if the Government will be looked at with suspicion. The Royal Institution of Chartered Surveyors' committee which has already provided it with some of its worst financial headaches. There is even the thought that property companies might be able to distribute part of those asset gains attributable to borrowings.

The problem with the proposals lies in whether the suggested method to assess the extent on which depreciation is calculated is workable. The suggestion is to take either the open market value of the property as a whole or, if less, depreciated replacement cost of the buildings. The difference between the two costs will be called a Residual Amount, and this cannot be taken simply to represent the value of the land. If a building's market value is £100,000, and the RRC is £120,000, the £20,000 difference cannot be deducted from that that the ground is worthless.

Nevertheless, the methods for calculating depreciation are bound to attract continued criticism from the grounds that too many arbitrary factors are involved, the main one being the estimate of the useful life of buildings. This the accountants insist on for all ages of buildings, whereas professional opinion favours a limit of 50 years and many experts would give ground further, to say 70 years.

The fact remains, however, that the authorities will continue to insist that any method calculating depreciation on the

But what must be hoped will be the most significant by-product of the proposals (and the RICS guidance notes to its members, though they are not applicable to valuers from the other two professional bodies) is a greater uniformity in the standards of valuation which work went into trying to produce acceptable common standards. While no one pretends that valuers will suddenly start producing identical figures, there has been a real reduction in anomalies in present practice.

BPF suggests alternatives to CLA and DLT

The British Property Federation has produced its *Policy for Land*, designed as "a basis for a durable bipartisan policy aimed at providing the stability and confidence which the property industry so badly needs."

The comprehensive effort, probably the most serious yet

The British Property Federation has produced its *Policy for Land*, designed as "a basis for a durable bipartisan policy aimed at providing the stability and confidence which the property industry so badly needs." It is a comprehensive effort, probably the most serious yet to

suggest an alternative policy to the community land scheme. More's the pity that few will see it as bipartisan. Since the Conservative Opposition has so far failed, apart from the thoughts on housing in *The Right Approach* document, to produce a policy, it is suggested that the BFF's plans will inevitably be viewed as guidance notes for the new Opposition Environment spokesman, Mr. Michael Heseltine.

Depressingly, the land issue seems to have fallen back into the old trend of the opposition to the 'prolong-wholesale-allocation of existing land' with the certainty that should they gain power, their opposition will promise to do the same. Gone is the period when there was some unanimity of attitude, if only on the grounds that both parties were determined to clobber developers.

This situation will endure as long as the Community Land Act is still designed to lead, through the designated areas period, to the Second Appointed Day when it is the duty, not the option, of local authorities to acquire all development land. That is the point at which a gradual municipalisation of land begins. The process would take many decades, several centuries, before development land was taken into public ownership, and the proponents of the scheme could insist that the process was not nationalisation but municipalisation.

But it is this final stage which itself prevents even those who agree with many of the principles of the Act from endorsing it. Politically, without that final stage, what Mr. Silklin used to state at ten years' away, the point of the Act is lost. Practically, if that final stage is not going to be reached, there is little point in the meantime in passing land through the expensive machine of local government.

Mr. Peter Shore, the Environ-

He quoted among the influential and powerful bodies Mr. J. B. Boyatzis, his presidential address to the Royal Town Planning Institute, and subsequently might have quoted the presidential address of Mr. Philip Franklin to the Royal Institution of Chartered Surveyors. Keep the bones of the policy, and the heart of the matter, the personal belief that the latest legislation dealing with land and the taxation of development value could be made to work if it is intelligently provided and administered. The provisions were designed to achieve the achievement of extreme political objectives rather than for other purposes." If the Tories felt committed to repealing the Act, let them, he said, but keep the good bits under another name.

The RICS is expected to produce more detailed policy statements, but until it does it is hard to see quite what Mr. Franklin is getting at. As long as the Community Land Act insists on the Second Appointed Day provisions, and the Government, at the eventual nationalisation of land, if land nationalisation is opposed, there is little point in keeping the Act without its backbone.

For the present, Mr. Shore will have a hard task keeping the spirit of the Act alive. The market, both in the sense of

It is not possible to generalize, but there is evidence of much interest among local authorities in even getting to understand the machinery of the Land Act. It cannot be encouraging to Government that, with the Act's main advocate, Mr. John S. Gurney, moved Agriculture, the Land scheme is in danger of slipping into the same backwater that the Land Commission landed in long before the fall of the 1894-1904 period. Mr. Gurney's efforts, for the moment, are thought to be directed more at the primary problem, of trying to persuade developers back into the market. The housing market, where, with estimates of next year's private sector housing completions falling well below

The BFF has already produced a housing strategy document, and its new publication is mainly of relevance to commercial development. It does not pretend that the Land Act can be kept in some amended form, saying it would repeal both this and Development Land Tax.

The interesting addendum to these tax suggestions is that local authorities should get a share of the extra revenue. This idea has presumably been introduced to balance revenue which local authorities are supposed to receive from community land accounts. What the ERF suggests is that a landlord would be asked to contribute to the local authority but that local authority would receive the whole of tax in respect of their own purchases of land for their own use and a proportion of the extra revenue (the same as is used in the community scheme) of the revenue from other purchases within the area. This is explained as a contribution to the authorities' expenditure on infrastructure.

This is a once-and-for-all levy and as such does not satisfy the land scheme's criterion of "no increase in land value" in future years. It also means that it can also be argued that providing an automatic share for local authorities from the central Government levy is more like a book-keeping device and that the levy would anyway be unacceptable without some form of equalization between rich and poor boroughs. But the boroughs which have the greatest need hardly collect less from business taxes than they look like doing during the first few years of the community land scheme.

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The Management Page

EDITED BY JOHN ELLIOTT

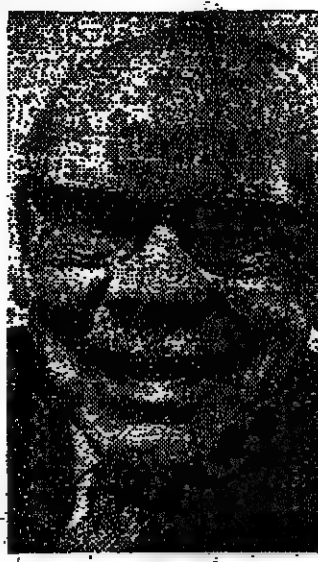
Today's argument on the chairmanship of Rugby Portland, highlights a Board's role in choosing the chief executive. Geoffrey Owen assesses where such people can be found

Criteria involved in a boardroom succession



A number of chief executives: George Burton, Fisons; Geoffrey Cross, ICI; Donald Frey, Bell & Howell; Allen Sheppard, Watney Mann; Irving Shapiro, Du Pont; Jack Hanley, Monsanto.

WHEN A single individual dominates a company to the extent that Sir Halford Reddish has done at Rugby Portland Cement for the past forty years, there are always likely to be problems over the succession. It happened with Sir Jules Thorn at Thorn and with Sir John Davis at the Rank Organisation. One can argue that if the Board of directors had been doing its job properly it would have insisted on a retirement age of 65—Sir Halford Reddish is 78—and made arrangements years ago for an orderly succession. But when the man at the top is not only chairman, chief executive and a substantial shareholder, but also has an outstanding record of achievement behind him, it is not easy for a Board to perform its proper function.



Sir Halford Reddish

Successor

It may be that the argument at Rugby Portland will be settled today. Sir Halford has proposed a successor who is apparently unacceptable to the other directors. But whatever the outcome the affair should alert Boards of directors, once again, to the need to get to grips with the problem of a succession at an early stage, even at the cost of a full-scale confrontation with the existing boss. The Board, after all, is responsible for appointing the chief executive, for ensuring that potential successors are available and for choosing the right moment to make the change.

perence that the company needs at that stage in its development. Companies with a deep commitment to management training—Procter and Gamble, Ford and ICI are examples—almost always promote from within. The trick is to find the insider who is not too much of a "company man," but is objective enough to see the company's deficiencies and is aggressive enough to force through the changes that are needed.

George Burton at Fisons, for instance, became chief executive in 1966 at a time when the company needed to alter its management style, its organisation structure and its approach to growth. The subsequent transformation of Fisons owed a great deal to Burton and the fact that he had spent most of his working life with the company gave him a feel for the business and an authority which an outsider would not have enjoyed. His greatest asset,

Burton once said, was "the capacity to stand on one side and look at every activity in an objective manner."

When William Hewitt became president and chief executive of Deere, the U.S. farm equipment maker, he had been in the firm long enough to know its strengths and weaknesses. It was a sound business which needed an enlarged view of what was possible, especially in international markets. Hewitt, as a Fortune magazine profile put it last month, "brought the perspectives of an outsider with broad interests and long-range vision to a relatively introverted company."

A more recent U.S. appointment was that of Irving Shapiro to be chief executive of Du Pont. A lawyer with no technical qualifications or experience, but a long career in Du Pont, Shapiro represents a sharp break with tradition in what has always been one of the most technically-minded and research-conscious of companies. Outsiders suggest that Du Pont has recognised the need to broaden its outlook to cope with a number of external challenges, ranging from "Naderism" to the general sniping at multinationals, and that Shapiro's experience, which included several years in Washington before he joined Du Pont, is highly relevant to the legal and political issues involved.

There is always a temptation to go for a complete outsider if the company's recent performance has been poor. But the advantage of a new broom has to be set against the upheaval and damage to morale that his arrival may cause. It may be better to make do with existing management resources, as Lord Ryder did at British Leyland, than to subject the company to a long period of un-

certainty while the newcomer finds his feet. The notion that all management problems are basically the same and that the well-trained "professional" can switch readily from industry to industry can be exaggerated.

Professional

Much depends on the nature of the business and its particular difficulties. When Geoffrey Cross was brought from Univac to become managing director of ICI in 1972, the company was suffering from the pains of an ill-digested merger. It needed a professional to sort things out. But it is hard to believe that Cross would have been as successful as he has been if he had not been thoroughly steeped in the computer industry. In a business where product decisions are so crucial, a man at the top who understands and has a feeling for the product is essential.

The same applies to some extent in the motor industry. The weaknesses of Leyland's truck and bus division have been partly related to the product. When Ron Ellis resigned as managing director of the division to take up a Government appointment, his successor should ideally have been merged into Grand Met's had some experience of the brewery division, sometimes

after bitter takeover battles. He was able to ask basic questions about the way the business was run, especially the traditional reliance on functional specialisation, and to move gradually along Grand Met's normal path of decentralisation towards a more orderly management structure. But one of his first priorities in the early months was to learn as much as he could about brewing—as he puts it, "how to make a 'Special' special."

Sheppard is one of a large number of ex-Ford men—in his case ex-Chrysler as well—who now occupy senior positions throughout British industry. Ford is Britain's most successful business school. Anyone who goes through the full rigour of Ford training, absorbs its disciplined approach to management and emerges with a senior job, will soon find himself preyed upon by head-hunters.

The same thing happens in the U.S. to some extent. One example is Donald Frey. He spent 17 years with Ford—his big success was the development of the Mustang—but found his way to the top blocked and left because he wanted to run an entire business. Since 1971 he has been head of Bell and Howell, the photographic equipment

company, where he has cut out into, but he still subjected himself to a crash course in petrochemistry in order to understand the business better. Transfers of this kind are not common in the U.S., where the chief executives of larger companies generally spend their entire working lives with one employer. Of the chief executive officers in Fortune's top 500 companies this year, 35 per cent. had worked for only one company, 27 per cent. for two and 23 per cent. for three. This might suggest that corporate loyalty earns its due reward, but, more important, it shows that successful companies grow their own management talent and hire from outside only in exceptional circumstances.

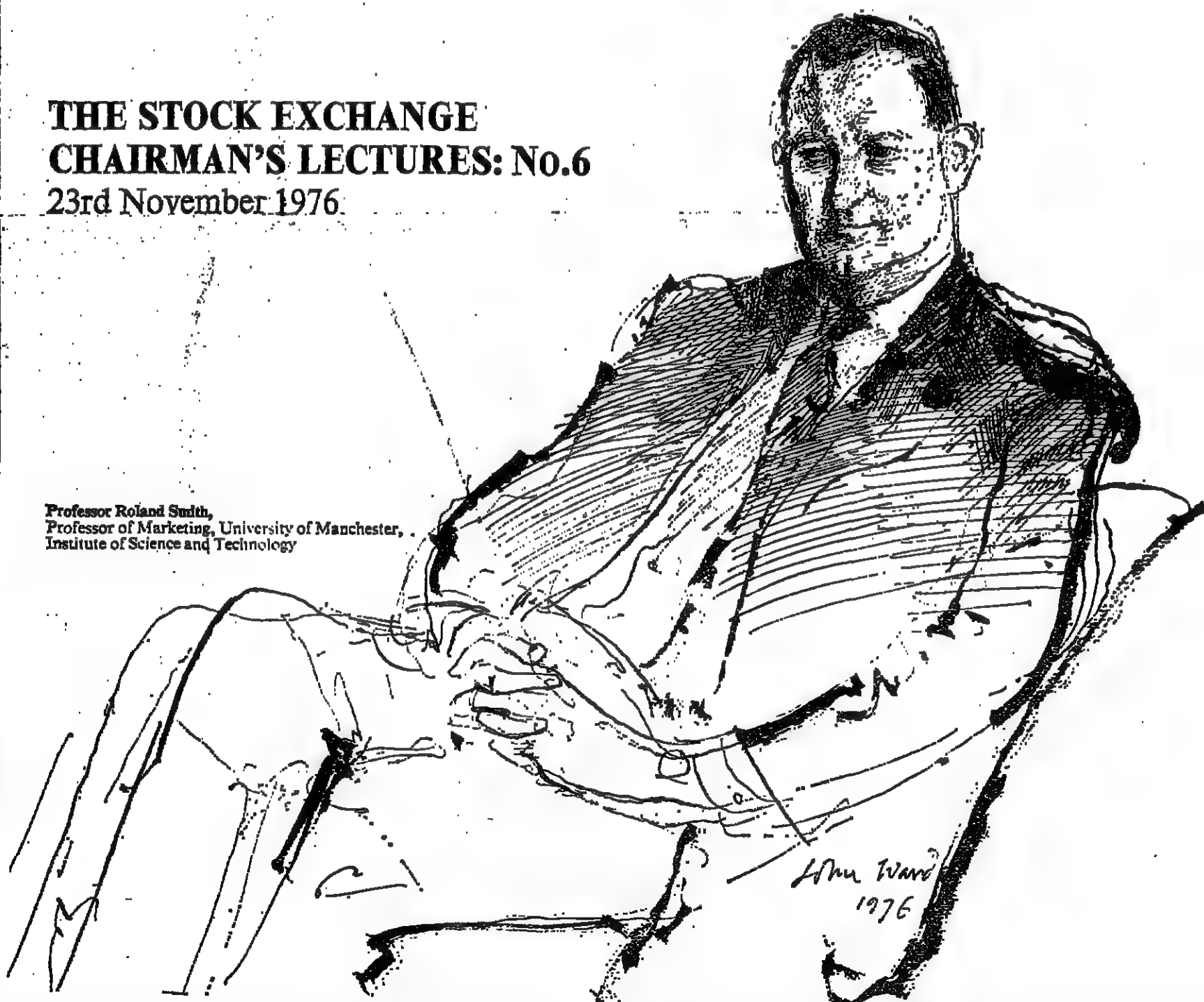
In one sense hiring a chief executive from outside is an admission of failure: like the move of Alastair Down from British Petroleum to Burmah, it is sometimes forced on a company by financial crisis. On the other hand, there are dangers in a management becoming too inbred and too inward-looking. Bringing in an outsider can be a way of checking an incipient decline and unlocking the potential which the insiders are somewhat slow to exploit. But the risks of incompatibility—and the costs of making a mistake—are high.

Catalyst

A successful transplant in the U.S. was the move made by Jack Hanley from a senior position at Procter and Gamble to become chief executive at Monsanto. This was a case where Monsanto's technological and management strengths were not being used fully because no one was coordinating them. A catalyst was needed to instil a sense of order, to establish goals and to structure the management so that the goals could be achieved. Because Procter and Gamble was Monsanto's biggest customer, Hanley knew some-

THE STOCK EXCHANGE CHAIRMAN'S LECTURES: No.6

23rd November 1976.



Professor Roland Smith, Professor of Marketing, University of Manchester, Institute of Science and Technology

Higher Education is one of Britain's major industries. It requires regular injections of capital?

The Stock Exchange Chairman's Lectures have established themselves as a means whereby world figures can make known their views on matters of current or long-term importance. On 23rd November, Professor Roland Smith put forward his views on the Educational Needs for a Competitive British Society.

Professor Smith said that "at a time when the whole public borrowing requirement is being analysed, it is natural that fundamental questions should be asked about the contribution higher education is making to the present and future needs of British society."

"In no way," he said, "may universities remain unaffected by an annual inflation rate of 15%. They require regular injections of capital."

He suggested a possible change in the balance of study areas and student numbers where national resources are scarce. Possibly fewer grants should be available to students wishing to read Arts or Social

Science-based subjects and more adequate grants going to those students wishing to read science and the technologies.

"If the U.K. is to remain competitive industrially," he said, "even more public expenditure may be needed to train and develop more young technologists to manage our factories more efficiently than has been the case in the past."

It was clear that neither individual engineers nor scientists had become folk heroes of the young. Students were more inclined to study subjects involved with people. In this economic climate, a change in emphasis in higher education

might be helped by the Media or such schemes as the "Queen's Awards for Technical Achievement." This might stimulate a greater awareness of the values of science and technology.

"I believe it is a pity that an increasing reservoir of quality talent is being diverted from creative technological and entrepreneurial activity." In the individual firm, the prevailing and emerging levels of technology combined with the quality of day-to-day decision-making determine its success or failure in the market place. "For a variety of reasons, specific sectors of the British economy are clearly deficient in the competitive condition of their technology and consequently are short on product." Technology is competitive and the challenge is for it to remain so.

Copies of the complete text of this lecture are now available from the Public Relations Office, The Stock Exchange, London EC2N 1HP.

GERMAN DAIRIES

BY NICHOLAS LESLIE

An export co-operative

THREE YEARS ago West German butter was so little known in the U.K. that its percentage of the total market was almost negligible. Today, however, it has around 10 per cent. of the packet trade and is probably still carrying out further business despite the fact that the British butter market is, if anything, declining slightly.

Much of the credit for this achievement can be attributed to a Hamburg-based company, called Deutsches Milch-Koöperativ (DMK). It is an unusual organisation. A privately-owned co-operative, it is in some ways akin to U.K. organisations such as the Milk Marketing Board and the FMC (the Food Marketing Corporation) which provides a central selling agency for the meat trade. However, making the full range of DMK's activities into account—it has a predominantly export role, plus other important representative and purchasing functions for almost the entire German dairy industry it probably has no equal outside Germany.

DMK sits at the top of a pyramid and is owned by 12 regional dairy centres which form 100 points for, and then sell, butter. More than three-quarters of the dairies are co-operatives owned by dairy farmers, with the balance being private companies. Thus the power base for DMK stems from the thousands of dairy farmers throughout Germany who together produce around 4,000bn. gallons of milk a year.

As shareholders, the dairy farmers often make their views known on what they think should be happening in the dairy products market, according to Mr. Fritz Thiel, president of the executive Board of DMK.

This activity is not confined to the large dairy farmers. In fact, the small operation dominates the German dairy scene: the average herd is less than ten cows compared with around 45 in the U.K. This is probably because there are numerous dairy farmers who have a full-time occupation but keep a few cows.

Although DMK acts in some way for virtually the whole of the German dairy industry, Mr. Thiel insists that it is not in a monopoly position because it has to compete with its shareholders in the marketing of products. DMK concentrates its efforts on all markets outside Germany, and the individual dairies supply the home market. It has its own brand names—Delicando for its butter in the

U.K.—but has no production facilities.

Thus, everything it sells it has to buy from its shareholders at a guaranteed price and this price must represent better terms than the dairies can receive elsewhere for their supplies. For although the majority of German dairies are within the DMK co-operative network, they are free to operate independently.

The German challenge in the U.K. butter market is an example of this. While the Germans provide about 10 per cent. of Britain's packet butter, only half of the amount is supplied by DMK. The balance comes from other German dairies, most being DMK shareholders.

However, DMK, which uses three agents in the U.K.—Lovell and Christmas, DBC (European Marketing) and the Co-operative Wholesale Society—maintains that the efficiency it must generate to justify its existence is enabling it to win some of the U.K. market from its shareholder competitors.

DMK's objective is to maximise the use made of the milk producers' output and also to maximise their profits, rather than its own, by offering them keen prices. As a result its profit margins on sales average about 0.4 per cent. and this, according to Mr. Thiel, means that DMK has to calculate carefully not only direct costs such as transportation, but also the likely movement in foreign currencies between the time when orders are placed with its shareholders and when those products are ready for delivery, a gap of maybe three months.

As a representative body, DMK acts for the majority of the industry in dealings with the German Intervention Board—an EEC organisation with Boards in each Common Market country which buys surplus butter and skim milk powder for retention in cold storage until such time as it decides to release the stocks. Additionally, DMK may speak for the industry in dealings with the Central Marketing Organisation for Agriculture, set up by the German Government some six years ago.

The other main arm of DMK's activity is as a central purchasing organisation. It will buy, for all its shareholders, anything from general supplies such as cleaning compounds, through to protective clothing and even equipment necessary to set up complete dairy plants. As a result of DMK's enormous buying power it can negotiate large-scale contracts at advantageous terms with the major equipment suppliers.



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FRIDAY, DECEMBER 3, 1976

Council of indecision

THE SCEPTICISM about the usefulness of the meeting of Heads of Government of the European Community, which took place in The Hague earlier this week, is by no means confined to outside observers. It was President Giscard d'Estaing himself who chose to record his dissatisfaction with the way such meetings are conducted in a letter to his fellow European leaders. Coming from the man who invented the present procedure—and who therefore has some interest in seeing it succeed—this amounts to a strong implicit criticism, even if the details of his complaint are not known. Other, more explicit, criticisms from participants range from the accusation that the Hague meeting achieved nothing in the milder suggestion that achievements should not be expected, but that it was still both badly chaired and inadequately prepared.

Frequency

Quite apart from the fact that the Community over the past two years or so seems to have run out of momentum, and will only regain it if its members wish it to do so, such criticism is both inevitable and yet at the same time misses the point. It arises, and is bound to arise, because it is not at all clear what the meetings are intended to do.

The idea of the European Council at the Heads of Government level was devised because it was thought that what used to be called European summit meetings had become too formal and tended to arouse expectations which were not fulfilled. It was therefore decided that the meetings should take place both less formally and more frequently. Yet, at the same time, a number of other ideas which had been in the air for the reform of Community decision-making were dropped. One, much canvassed by the late President Pompidou, was that there should be a small, but permanent political secretariat which would be responsible for preparing the meetings. Another was that if the meetings were to be really informal and to allow the Heads of Government properly to know each other, they should take place not two or three times a year, but at least once a month. A third was that the Presidency of the Council should be extended from the present period of six months to a year in order to enable the holder better to organise and to prepare Council business.

Taken in isolation, all of these ideas have something to recommend them. Extending the period of the Presidency, for example, would mean that member countries would only hold it about once a decade and even less if the Community is further enlarged. Again the secretariat idea runs up against the objection—at least from the European Commission—that it might mean bypassing established institutions.

Such objections deserve to be considered, but they have to be weighed against the fact that the present Council meetings are neither informal nor decisive. They are still sufficient of an event to arouse expectations that something will be achieved and disappointment when it is not. They are still infrequent enough to prevent a running dialogue. Add to this the absence of any machinery specifically designed to ensure continuity, and one has summarised the dilemma.

Machinery

It appears that the British, who assume the Presidency next month, believe that the problem can be at least partially resolved by better chairmanship. On the grounds presumably that the British Cabinet is so much better run than its European counterparts. There may even be something in the argument, but it remains that the continued failure of the Council either to meet harmoniously or to produce agreements discredits the Community as a whole, and the idea of some continuing machinery or political secretariat is the best yet put forward.

and better than a good many of them. The blights of the past—absence of indoor baths or toilets, or overcrowded rooms—still exist, but only at a rapidly dwindling margin.

Any Government would have to take care of this margin, but that means a housing policy based on detailed surveys of local needs, building or better, renovating where there is a genuine shortage for regional reasons or because a type of household (single, perhaps) cannot find a dwelling at a price that can be afforded. It does not mean a grand national programme of the old kind, with its escalating costs—which is what we now have.

Surplus
The growing surplus is already being felt by some local authorities, such as Liverpool and certain London boroughs, which are finding that the less desirable council flats are becoming very difficult to let. A continuation of the present rate of capital expenditure will only add to this surplus; there is in fact a strong case for winding down the whole of the council-house building programme (and even that would not immediately stop costs from rising, as old debts are refinanced at higher rates of interest).

If the building industry is not to be totally wrecked such a curtailment would have to be phased. Phasing is also the only available palliative for the other unpleasant course the Government must follow: an increase in council house rents. At the beginning of the decade these were meeting about two-thirds of costs; to-day they are heading down towards about one-third. February's public expenditure White Paper talked about increasing this to something over 50 per cent by 1979-80. This target should be brought closer, and the aim should be to restore the share of rents to their old level of support for total costs.

Rocket
For in the period 1971-73 the average annual increase in the housing budget was no less than 38.9 per cent, at a time when the total expenditure of the Government rose by less than half as much—15.3 per cent, a year. In 1973-75 the housing rocket continued its course, albeit at a slightly more oblique angle, with an average yearly increase of 33.9 per cent against an overall 28.8 per cent.

The result is that we now have a £4bn-plus housing budget at a time when it is not at all clear that it is necessary on any grounds, including grounds of genuine need, to spend anything like as much. On most counts most of the British people are now as well housed as their West European counterparts, level of support for total costs.



Mr. Tanaka, the former Premier, whose arrest started the rot.

Mr. Ohira, the Finance Minister, who leads an anti-Miki faction.

Mr. Fukuda, the Prime Minister's chief opponent in the Liberal Democratic Party.

Mr. Miki, the Prime Minister, has won a reputation for cunning.

Conservative domination of Japanese politics may be ending.

THE JAPANESE ELECTIONS

Watershed ahead for the Japanese

By CHARLES SMITH, Far East Editor, in Tokyo

JAPAN HAS been ruled for so long by a conservative Government—to be precise, since the Liberal Democratic Party was formed in 1955—that most people have difficulty in imagining what other kind of Government the country could have. Imaginations may have to be stretched a little after Sunday's general election, because it looks as if the Liberal Democrats, for the first time in their history, could end up with fewer seats than are needed to control the lower house of the Diet, the Japanese Parliament. The Upper House of the Diet is not up for re-election this time.

At the moment they have 265 of the 481 seats in the House of Representatives. They will need 256 to retain a bare majority, since the House is being enlarged to a total of 511 seats. For full control, which means an LDP chairman and a majority of members on each of the major Diet committees, the party reckons that it will have to win 271 seats, five more than its present strength. Since voters appear to be drifting away from their traditional conservative affiliation and since there are problems within the party itself, serious doubts are being voiced whether 271 can be attained.

There are at least three reasons why things have gone wrong. The first is that contrary to what some of the optimists were predicting a few weeks ago, the Lockheed affair has seriously damaged the LDP. The impression is apparently still strong among voters that the party has not cleaned itself up after last summer's revelations of bribery in high places. That impression is probably correct.

There are LDP politicians who have been publicly named recipients of Lockheed payments without actually having been arrested on bribery charges who are running in the

election as official candidates of the party. The three senior wing of the party, and a disarming silence on how much further the Government plans to push its investigation of the affair. The Lockheed inquiry made rapid progress up to last July and August (the period in which Mr. Tanaka and two other suspects were arrested). It appears to have been marking time since then, even though the public has yet to be told what happened to about two-thirds of the money which the U.S. aircraft manufacturer is known to have paid to its Japanese agents.

The Lockheed suspects, including an ex-Prime Minister, Mr. Kakuei Tanaka, will probably be elected since most of them are standing in parts of the country where personal loyalties still tell heavily, and where the future about bribery of high Government officials may seem rather remote. These "grey politicians" however are not doing much to help their colleagues in marginal constituencies where issues count more and personal loyalties for rather less.

Lockheed stigma

The fact that the Lockheed stigma is still there can be related to another basic weakness: the LDP is split from top to bottom on the issue of its own leadership. The Prime Minister, Mr. Takeo Miki, who has earned himself the reputation of being the most cunning man to lead the party since its foundation, was able to outmanoeuvre the two-thirds of the LDP parliamentary leadership who want him to resign during a series of backroom negotiations immediately before the election campaign.

In order to stay in power Mr. Miki obviously had to make some concessions to his opponents. One of them seems to have been involved in a partial amnesty for Lockheed suspects (nearly all of whom belong to

Campaign funds

The effects of the split in the LDP have shown up in other ways as well. Mr. Miki and his chief opponent within the party, Mr. Takeo Fukuda, seem to have spent almost as much time criticising each other in their campaign speeches as in asking the voters to support the LDP. There have been constancies in which factional rivalry between pro- and anti-Miki groups has resulted in extra candidates being put up by the party, thereby threatening a split in the conservative vote.

There have been accusations that after the first official allocation of Yen 5m. (about \$102,000) of campaign funds to each LDP candidate, subsequent additional allocations of party funds have been somewhat more generous to the Miki faction than to candidates following rival leaders, such as Mr. Fukuda or the Minister of Finance, Mr. Masayoshi Ohira.

The split in the party and the relative unpopularity of Mr. Miki with big business, may also explain why contributions from the business world to the LDP campaign have been small. The Yen 5m. which LDP is

believed to have succeeded in raising from business contributors is about a quarter of what it was given at the last general election in 1972. In turning away party requests for more money, businessmen have been able to point to new legislation limiting the amounts of political contributions by individual companies which was introduced by Mr. Miki during the first year of his premiership.

The LDP weakness, which reflects a gradual and long term decline in the conservative vote as well as the party's recent internal upheavals, does not necessarily mean that the opposition parties are getting near the point where they can form a Government. One feature of the campaign has been a huge increase of the number of voters who say they do not support any party: the ratio was put at 30 per cent by one of the newspaper polls conducted earlier this week, although the same newspaper stressed that the great majority of "don't knows" probably will vote.

A further element in the picture is the emergence of a conservative protest vote linked to the New Liberal Club, a tiny splinter group at the moment boasting five Diet members who withdrew from the LDP last summer on the grounds that the ruling party had degenerated into a "power machine." The Club is putting up 25 candidates on Sunday, most of whom are young and rather unimpressive. Even so, it may draw off enough support from official LDP candidates (perhaps 20 per cent in some constituencies) to do serious harm to the Government.

The performance of the opposition looks like being rather mixed. Most people agree that the Buddhist-oriented "Clean Government" Party, headed by Mr. Kamei, will pick up quite a

Opposition options

Basically the four opposition parties will have three options, though not all involve all four parties. If the LDP does turn out to have lost control, the first will be for the three non-Communist parties to form themselves into a coalition which might offer itself as a serious alternative to one-party rule by the Conservatives. The second choice would be a coalition between the Japan Communist Party and the Japan Socialists. The JSP is the only one of the three non-Communist parties which has shown any willingness to work with the JCP. The third alternative would be for some elements of the opposition to "peel off" and work more or less openly—at a price—with the LDP.

The third alternative, not surprisingly, is the one the opposition parties have least wanted to talk about during the campaign. It could, nevertheless, turn out to be the most practicable alternative once the election is over, if only because it is still possible that the Government may survive the elections with enough seats to continue running things single handed. A certain number of conservative "independents" are invariably elected in Japan—this time there may be 10-15 who could be enough to push conservative strength in the lower house above the crucial 271 figure. If this happens, Japan's political watershed will still lie ahead. The LDP has to face another crucial election next summer, to the Upper House of the Diet where it commands a working majority of about six (including independents). It may easily lose then, even if it scrapes through on Sunday.

The unnecessary cost of housing

OF ALL the public expenditure needs that the Government needs to grasp housing is at once the most urgent and the most difficult. It is the area in which the contrast between mythology and reality is at its most stark. Since 1971 the housing budget has increased at a far more rapid pace than public expenditure as a whole, in the belief that this was socially necessary because of a national housing shortage. Yet it has been during this period that the country has moved from a state of acute housing shortage to one of crude surplus.

The figures deserve close examination. In the years 1951 to 1961 public spending rose at an average annual rate of 5.9 per cent; the equivalent figure for housing was 3.2 per cent. In the following decade, to 1971, the total Government spending rose by an average of 9 per cent a year, with housing just about catching up at 8.4 per cent. It could be argued that in those years the share allocated to housing was insufficient, particularly in view of the post-war shortages. Yet events since then indicate that there has been overkill, and with a vengeance.

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For in the period 1971-73 the average annual increase in the housing budget was no less than 38.9 per cent, at a time when the total expenditure of the Government rose by less than half as much—15.3 per cent, a year. In 1973-75 the housing rocket continued its course, albeit at a slightly more oblique angle, with an average yearly increase of 33.9 per cent against an overall 28.8 per cent.

The result is that we now have a £4bn-plus housing budget at a time when it is not at all clear that it is necessary on any grounds, including grounds of genuine need, to spend anything like as much. On most counts most of the British people are now as well housed as their West European counterparts, level of support for total costs.

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Any Government would have to take care of this margin, but that means a housing policy based on detailed surveys of local needs, building or better, renovating where there is a genuine shortage for regional reasons or because a type of household (single, perhaps) cannot find a dwelling at a price that can be afforded. It does not mean a grand national programme of the old kind, with its escalating costs—which is what we now have.

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MEN AND MATTERS

Disclosing the building society salaries

£10,000 to Ian MacLean, a retiring non-executive director who had been chairman between 1961 and 1974. The idea was eventually dropped.

The new revelations will be made in two stages. Details of this year's salaries will appear in the 1977 returns to the Registrar of Friendly Societies. Those inquiries to join in this latest round of who-what-can apply to study those returns. Members in general will get the figures through their letter-boxes with society annual reports in 1978.

So, at the end of the day, what will the top earnings turn out to be? Most building society chiefs consider themselves underpaid in relation to other financial institutions (£16,000 was the figure given for the general manager of one of the half-dozen largest societies a couple of years ago) but there is reluctance to provide details ahead of the statutory requirement to disclose. Running a society is much more than fixing rates, declared Arthur Trollope, managing director of the City of London society, yesterday. The month-to-month uncertainties these days made the whole business "extremely difficult," he declared.

Rix joins the handshakers
"All we have is a handshake. A handshake and £300,000 in the business between us. It's a lovely way to work." Laurie Marsh, chairman of the public Inter-European Property Holdings, which includes Classic Cinemas, was talking last night about the West End theatre chain which he runs with Ray Cooney—and which yesterday recruited that veteran actor-manager Brian Rix, 52, to take control of administration.

Marsh's first move into London's drama scene came long before his public company involvements when, 15 years ago, he acquired the Windmill theatre. His other theatre interests started when he and Larry Parnes bought leasehold interests in the Regent (owned by the Regent Street Polytechnic) and Kilburn. Broadway Theatre, The Broadway is a former cinema, the freehold being the property of IPH. Cooney bought Parnes's share, and he and Marsh now also have the leases on the Ambassadors and the Duke of York's, the latter owned by impresario Peter Saunders, famed as the man who put on Agatha Christie's The Mousetrap 24 years ago. The latest venture by Marsh and Cooney is the takeover of Rank's Astoria, opposite Centre Point, long negotiations which is being turned from a cinema into a theatre, to expand their chain to five.

Twenty years ago, ironically enough, Cooney was a member of Rix's company. Rix's famous farces ran for 15 years at the Whitehall Theatre, where he is now back starring in Fringe Benefits. He said he was looking



"I'll believe it's a good deal when Fiat can get as many miles to the gallon as we can!"

forward to a more normal though probably busier life. Marsh said Rix would probably take a minority stake in a year or so when the Marsh-Cooney handshake partnership will have assumed some sort of corporate status.

Behind Fiat
The noise on the Milan bourse yesterday was described as "something awful" as dealers fell over themselves to trade in shares of Fiat after the Libyan deal to take a 9.6 per cent stake. But even after the scrambling, the closing price was still only 2,020 lire per share against the 6,000 paid by the Libyans.

Price-Waterhouse were the accountants who came up with the asset value accepted by Libya, but the men who actually did the negotiating were finance director Cesare Romiti, who came to Fiat from Alitalia three years ago, and Gianluigi Gabetti, one of the Agnelli family's most trusted financial advisers and managing director of the family holding company IFI. The other kingpin on the Italian side was the brilliant but highly secretive head of Mediobanca, Enrico Cuccia, the man behind many of Italy's major industrial marriages—including the original Montecatini Edison merger in the 1960s. Most of the negotiations took place inside the bank's discreet Milan head office. Giovanni Agnelli himself kept the pretty much in the background, though he carefully followed every move in the 18-month negotiations.

Agnelli swears he did not see the Libyan leader Colonel Khedafi during all the talking. A meeting some time between two such divergent and intriguing figures would surely be an event.



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So, the DGAA helps with allowances. They send clothes parcels. They remember Birthdays and Christmases. They help with a little extra when a crisis upsets a tiny budget.

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DISTRESSED GENTLEFOLK'S AID ASSOCIATION

Vicarage Gate House, Vicarage Gate Kensington, London W8 4AQ

"Help them grow old with dignity"

Observer

The Tories' prickly bed of thistles

Getting damnably hard to anything new on the sub- of devolution—a difficulty which promises to turn the next Commons for the next months into a kind of echo chamber, reverberating with entanglements. All the arguments, both for and against the creation of sub- assemblies, were de- veloped in relation to Ireland in 1975. They were given another airing for the Second Home Bill in 1975. They were also canvassed all over in the long constitutional in from 1910 to 1914— at which point the idea of as- semblies in Edinburgh and Cardiff was an important appearance. Devolution in the most term context has been on the in for nearly ten years, and only the speeches, but the others, too, are stale.

In this situation the predic- tion of reaction of the political is to take their decisions on grounds of self- interest and to rationalise them whatever arguments hap- pen to be lying around. It is an accusation against the Gov- ernment that most ministers are concerned with the dan- ger to Labour's electoral pos- ition if they fail to pass the Bill, and with the positive advan- ces in promoting the bet- terment of the country. It is also true that the Conserva- tives are far more interested in trying the Government in the art term and weakening Lab- our's electoral base in the long than they are with the of the United Kingdom.

His formulation sounds ex- cessively cynical and in the many where political leadership essential it would be. In the of devolution I am not so at this stage. When the

subject is of this great consti- tutional importance, and the pros and cons are well known to the electorate, then a party may be allowed to follow its own self-interest on the assump- tion that it will thereby be re- flecting the will of the pub- lic, and that if it does not it will suffer a fearful retribution at the polls.

Naturally this still leaves open the question of who has made the best calculation of their own self-interest, and in the present case it seems pretty clear to me that Labour is mak- ing the shrewder strategic assessment.

Consistent

For a start, there is not really the slightest doubt about which side more nearly represents the present wishes of the Scottish voters. It is irrelevant to go back to the situation of five or six years ago, for the situation to-day is that a worthwhile degree of devolution has been achieved before the Scottish people—and for that matter the Welsh—and a withdrawal of the promise could not fail to add fuel to the flames of national- ism. Amid all the ups and downs of the opinion polls one finding has been remarkably consistent—namely that those who are in favour of the con- stitutional status quo do not amount to more than 20 per cent of the Scottish people.

Labour certainly runs a risk in trying to appease this feeling. The Assemblies in Edinburgh and Cardiff may stand at the top of a slippery slope, as Arthur Balfour argued in 1910. "Is it not," he asked, "the nature of things that in such cases incomplete concessions (and provincial powers are



Discomfort for pro-devolutionists: Mr. Edward Heath (left) and Mr. Alec Buchanan-Smith.

necessarily incomplete) only in- crease the appetite they are intended to satisfy, while they provide new instruments for exerting more?"

If so, then presumably Labour would suffer serious conse- quences at any rate in Scotland and that at least 13 seats should be suppressed. Presumably, given the preponderance of Labour to Conservative in Scotland, Labour would suffer marginally more than their opponents in this process, but by very little.

The Conservative Party in Scotland naturally argues much the same way. A glide down the slippery slope would have the same serious results for the Conservatives as for Labour— for while there might be a Con- servative Party of some kind

in an independent Scotland, they might well not be the same Conservatives. If the Assembly were successful, the present Conservative Party might find itself in a minority in the Assembly for a while, but with good prospects for revival.

So why have the English Con- servatives decided to take such a negative view? It would be perfectly reasonable for them to attempt to reduce the "slippery slope" dangers in- herent in the Scotland and Wales Bill as it stands. They would fight to ensure that the Scottish assembly has some revenue-raising powers of its own in order to prevent the question of the size of the block grant, allocated to Scotland by

Westminster. They would also try to reduce the friction in- herent in the proposed powers of the Secretary of State for Scotland to oppose Scottish Assembly acts and would press for a stronger judicial role in settling disputes between the centre and the periphery of the new constitution. By deciding to oppose the Bill root and branch and to vote against its principle they will inevitably persuade Scottish public opinion that they do not like devolution in any form, and they have therefore added another gratuitous electoral risk to the ones which they already face.

The reasons commonly advanced for this decision do not really sound very convinc- ing. The practical defects of the Bill could be forcibly elab- orated during the Bill's course through Parliament. At a pinch, the whole of Welsh devolution —for which public demand in Wales is even now very weak— could be put off. English public opinion in general does not seem particularly concerned either way and could easily be brought along with a bipartisan policy in Parliament if that were agreed.

In other words one is left with a basically tactical explanation for what has happened. The feeling on the Conservative back benches has been very much the same as the feeling on the Labour benches about the Common Market issue between 1970 and 1974. Most Conservative MPs incline to be faintly suspicious of devolution revenue-raising powers of its own in order to prevent the question of the size of the block leaders' judgment that it was necessary, and on this basis they

accepted Mr. Heath's commit- ment to an assembly—rather as Labour accepted Mr. Wilson's commitment to Europe. In Opposition, how- ever, their instincts on the more primitive instinct of giving the Government as much difficulty as possible, and this over- whelmed their reason. They would undoubtedly have liked Mrs. Thatcher to have re- nounced the assembly commit- ments just as Mr. Wilson mark one.

price may well have to be paid. The disarray of the Scottish Conservative party is pitiful whether or not Mr. Buchanan Smith, the pro-devolutionist shadow spokesman on Scotland, resigns. Mr. Heath, whose pro- devolutionist commitment has now been undermined, if not actually attacked, by his Leader, is in no mood to take things lightly and may well decide to abstain or even vote against his own party on this issue. Some of his opponents (and Mrs. Thatcher's minions) may well be glad of this since, in the present climate of the party, he will not, to put it mildly, add to his popularity.

And what about the gains? It seems likely even now that the Government will get its Second Reading — and indeed if it failed the responsibility would be rapidly pinned on Mrs. Thatcher "irresponsibly wreck- ing a measure for whose aims there had been a lot of bipar- tisan support in the past and by which the people of Scotland set much store."

It is interesting to speculate who would lose more out of the slanging match that ensued — but it might very well not be Mr. Callaghan. Yet if the aim is not to defeat the Bill it is hard to see what the object of mounting a major operation against it could be. A genuine effort to meet well-known the- oretical and practical objections to details — and so causing a good deal of difficulty for the Government — would be readily understood, and even ap- preciated. The attempt to make political capital by a wholesale onslaught seems likely to risk more than it achieves.

Compromise

Mrs. Thatcher and Mr. Whitelaw realised in May this year that such a renunciation would completely destroy the Scottish Conservative Party and they therefore cobbled together a compromise on the basis of a very weak assembly. This enabled Mrs. Thatcher to stand by the Party commitment but also to "oppose" the Labour proposals. The Scottish Tory leadership clearly did not understand the basis of this "bargain"—and perhaps they thought that "Opposition" would be confined to the details of the Bill and not to the principle of devolution. Mr. Whitelaw probably did not understand it either, for at that time he was telling his pro- devolutionist friends that he was sympathetic and had hopes for the free vote or at the worst for a reasoned amendment on the Second Reading. He has evidently been induced by pressure to change his mind.

The effect of all this is, of course, not at all clear—even in the short term. A quite high

Letters to the Editor

Fiddling with shipbuilding

From The General Secretary, Shipbuilding and Allied Industries Management Association.

Sir, John Wyles' article on shipbuilding in Scotland (November 29) very well depicts the problems immediately facing Scottish merchant shipbuilding, but, as he points out, these problems are not unique to Scotland. He is no doubt right in believing that special pleading likely soon to be heard for reservation of Scottish yards retained by lack of orders. At a juncture, however, as the qualification representing mem- bers employed in English as well as in Scottish yards, we need to make a plea on behalf of the whole of the U.K. ship- building industry.

We are greatly perturbed by the apparent acceptance both by the present Government and by official Opposition that a run- down of overall U.K. shipbuild- ing capacity is inevitable.

Accepting that there are im- mediate difficulties arising from a current world-wide recession demand for new shipping, we would maintain, taking the longer view, that reduction of capacity in shipbuilding is not only counterproductive but cannot be justified in a nation where present capacity is well in excess of requirements. Other EEC countries have together a capacity well in excess of their own ship- ping needs and Japan's ship- building capacity approaches six times Japan's own merchant ship- ping requirement. Most of these countries subsidise their shipbuilding industries in one way or another because they see them as vital to their own economies and because, even though ships may be built at a cost on a bare margin of profit, the industry provides work- ing profits for many service in- dustries. British yards have had to compete on unequal terms throughout the same measure of time.

consideration of remedies for the industry's problems, all those who have the industry's welfare truly at heart would co-operate wholeheartedly in seeking and implementing practical solutions.

We plead for an end to divisiveness and "fiddling while Rome burns"; we call for a concerted action to preserve vital jobs and industry.

C. M. Hayward-Jones, 18, Chalk Hill, Oakley, Watford, Herts.

Post Office monopoly

From Mr. C. Cousins.

Sir, The Post Office monopoly certainly has its disadvantages, but I would question the criticism which the members of the telephone managers' division of the Institute of Administrative Management seem to consider to be the most serious (November 29). To attack the P.O. on the limitations of the range of telephone instruments available is merely "scratching the surface" of an operational problem which manifests itself in many forms at area level with the most serious results.

Mr. F. G. Phillips is obviously the P.O. employee who has the deepest understanding of the technical and commercial problems caused by the monopoly situa- tion and I would agree with his interpretation (as reported) of those problems and their impli- cations for the industrial user.

The larger telephone contriv- ances cannot be expected to sup- port any view other than the break-up of the monopoly when one considers the lucrative main- tenance contracts which could then become available. Anyone who has had a PAX installed and maintained by a private contractor will appreciate the high rental, maintenance and labour charges applied, and the very restrictive long-term contracts offered.

The major inefficiency of the Post Office Corporation which affects the majority of industry is an absence of the basic tech- nical knowledge at area level required to design a communica- tions system which is operation- ally and commercially acceptable for the user. The lack of this expertise has had the most serious results on a national level, in the introduction of more efficient methods of communica- tion, and the spread of more technically advanced types of switching systems.

It is my view that the mono- poly has created among the staff the lethargic attitude which breeds in a non-competitive atmosphere. This is most apparent in their consultative attitude to selling their equip- ment which their headquarters consultative operation denies is their objective. The Post Office is a "supplier" of equipment and cannot therefore ethically provide an unbiased report, or traffic design of communications systems.

The sooner it admits to this the sooner industry as a whole will benefit from a healthy and professional Post Office market- ing atmosphere.

C. I. Cousins (M.Inst.AM), Senior Partner, Communications Design Partnership, 152, Burton Road, Stockport.

I am inclined to ask whether all concerned have given proper consideration to the likely effects of implementing these proposals. Inflation adjusted accounts should certainly not be encour- aged in the public sector. They would be used to justify the maintenance of real expenditure which of course means increased monetary expenditure thus worsening the inflationary situa- tion.

One of the main reasons for accounts which are adjusted for changes in the price level is that the taxation basis will thereby be reduced. In fact for the majority of companies it is not taxation on profits but VAT which is the most serious problem. There is a complete absence of any suggestion that VAT will be reduced by accounts which are adjusted for changes in the price level.

Exposure Draft 18 does not really improve on the Sandilands report. In fact its recommenda- tions for restructuring an appor- tionation account to provide the double-entry dustbin for all the adjustments as well as for show- ing the current cost profit or loss for the year and dividends, obscures what the final balance is supposed to represent. Is the balance on the appropriation account a capital reserve or a revenue reserve? If it is a capital reserve then the various adjustments could more suitably be deducted from the adjustment thus leaving them unad- justed.

With Exposure Draft 18 we appear to have moved from San- dilands to muddy waters or even worse.

P. L. Griffiths, 41, Gloucester Place, W.1.

Shrinkage or theft

From The Managing Director, Lodge Services International.

Sir, Elinor Goodman's article of November 27 was helpful, in that it once again brought to the public's attention the grow- ing problem that confronts every retailer, that of inventory stock loss, and this growing aware- ness makes it easier for the retailer to deal openly with the problem.

There is, however, an important point about the sub- ject upon which she is incorrect and which I would like to clarify. She states that "shop- lifting and staff pilferage, once emphatically known in the trade as 'shrinkage' but now 'theft' described as 'theft' costs retailers an estimated 2 per cent of their turnover." Shop- lifting and staff pilferage are, indeed, theft, and should be seen as such; however, the 2 per cent, quoted is, in fact, "shrink- age," which is not a euphemism of the past but is still very much in use to describe inventory stock loss. This is the difference between the financial value of goods put into the retail estab- lishment at selling price and the money plus stock left over at the end of the accounting period.

This 2 per cent is caused not only by dishonesty but also by mistakes. These mistakes, such as unrecorded mark-downs, transfers, discounts, general wastage, incorrect weights and measures, price markings, un- recorded refunds, etc., etc. hide a great deal, especially in these inflationary times. With prices being marked up regularly, in many cases the true amount of loss suffered in a retail concern is hidden because goods already in stock are marked up to the new higher price and unless an appropriate adjustment is made in the stores records, this will throw up a surplus, thereby con- cealing the true loss position.

Personnel and unions

From The Director, The Industrial Society.

Sir, I regret intensely that two of my colleagues should have criticised, however sincerely, the Institute of Personnel Manage- ment's handling of its own union recognition issue in a letter (November 24) written from the address of the Industrial Society.

The Society which is a body supported by both employers and trade unions is concerned with all the steps that management and unions can take to increase people's involvement in their work so that the nation can be more successful in paying its way. We advocate improved management communication and leadership training of managers and supervisors at every level. We also advocate a positive attitude to the role of trade unions and that where there is some in- terest in trade unions by employees, employers should recognise the union at an early stage before conflict arises. It is this last point which is relevant in the present correspondence.

It is not the practice of the Society, however, to use the media to criticise our very many individual member companies or fellow organisations, all of whom are striving to make British industry and commerce even more effective. The Society as a whole has worked closely with the IPM over many years and deeply admires its work. I am sorry for the offence caused by the original letter.

John Garnett, Peter Range House, 3, Cornton House Terrace, S.W.1

GENERAL

Public sector borrowing re- quirement and details of local authority borrowing (3rd quarter) published by Central Statistical Office.

Civil and Public Services Asso- ciation officials in Department of Employment meet their national officers before deciding whether to call off ban on statistical work.

Mansion House Court hears application for further adjourn- ment of Companies Act sum- monses (returnable to-day) against Mr. Jim Slater.

Mr. Edward Taylor, vice-chair- man, Scottish Conservative Party, and Opposition spokesman on Scottish affairs, speaks to St. Andrews University Conservative Association.

To-day's Events

Mr. Peter Walker, Conservative MP for Worcester, addresses Ber- wick and East Lothian Conserva- tive Association.

Sir Robin Gilllett, Lord Mayor of London, receives Parliamentary delegation from Yugoslavia, Man- chester House.

London Chamber of Commerce discusses export opportunities in educational field, following its re- cent mission to Iran, 60, Cannon Street, E.C.4.

Commonwealth Science Council meeting continues, Colombo.

Council of Copper Exporting Countries meeting continues, San- tiago.

Korean Products Show ends, Grosvenor House, W.1.

National Council for Social Ser- vice conference ends, Liverpool.

PARLIAMENTARY BUSINESS

House of Commons: Fishery Limits Bill, second reading.

COMPANY MEETINGS

Dawes (G. R.), Birmingham, 12, Fairview Estates, Endfield, 10.30.

Garford Lilley, Great Northern Hotel, King's Cross, 8.45.

Highland Distillers, Glasgow, 12, Smith (Herman), Birmingham, 12.

Walker and Homer, Birmingham, 12.

OPERA

English National Opera produc- tion of La Belle Hélène, Coliseum Theatre, W.C.2, 7.30 p.m.

BALLET

Royal Ballet dance Swan Lake, Covent Garden, W.C.2, 7.30 p.m.

London Contemporary Dance Theatre perform Pilot, The Bronze, Nema, and Place of Change, Sadler's Wells Theatre, E.C.1, 7.30 p.m.

MUSIC

At-brosian Singers, directed by Loris Tjeknavorian, in the Story of Christmas and Epiphany according to medieval Armenian chants, Queen Elizabeth Hall, S.E.1, 7.45 p.m.

Julian Byzantine gives guitar recital of music by de Visée, Bach, Chavez, Martin, Turina, and John Metcalf, Wigmore Hall, W.1, 7.30 p.m.

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The two-way door-to-door express delivery service operates from any point in the U.K. to and from Securicor branches in France, Belgium, Holland, Germany and Luxembourg. This comprehensive service includes full customs clearance for both imports and exports. For a service where resources count, international as well as U.K., customers benefit by using Securicor.

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A member company.

BP recovery halts in third quarter

IN THE third quarter of 1976, group net income of British Petroleum shows a rise from £37.8m. to £51.9m. making a total of the first nine months of £133.9m. compared with £117.2m. in the same period last year.

Net income of the group for the third quarter compares with £51.8m. for the second quarter of the year and with £37.8m. for the third quarter in 1975.

Total sales for the quarter of £2.5m. tonnes are 1.6m. tonnes more than the second quarter, an increase of 4.1 per cent, and also shows an increase of 0.5 per cent when compared with the third quarter of 1975.

Sales proceeds... £1,235.2 £1,235.2 £1,235.2
 Dividends... £1,235.2 £1,235.2 £1,235.2
 Net income... £1,235.2 £1,235.2 £1,235.2

Net income of the group for the third quarter compares with £51.8m. for the second quarter of the year and with £37.8m. for the third quarter in 1975.

Total sales for the quarter of £2.5m. tonnes are 1.6m. tonnes more than the second quarter, an increase of 4.1 per cent, and also shows an increase of 0.5 per cent when compared with the third quarter of 1975.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interim or final and the sub-divisions shown below are based mainly on last year's financials.

1976-77
 AGS Research... Dec. 10
 B. & J. Mucklow Group... Dec. 10
 B. & J. Mucklow Group... Dec. 10

1977-78
 AGS Research... Dec. 10
 B. & J. Mucklow Group... Dec. 10
 B. & J. Mucklow Group... Dec. 10

1978-79
 AGS Research... Dec. 10
 B. & J. Mucklow Group... Dec. 10
 B. & J. Mucklow Group... Dec. 10

1979-80
 AGS Research... Dec. 10
 B. & J. Mucklow Group... Dec. 10
 B. & J. Mucklow Group... Dec. 10

1980-81
 AGS Research... Dec. 10
 B. & J. Mucklow Group... Dec. 10
 B. & J. Mucklow Group... Dec. 10

1981-82
 AGS Research... Dec. 10
 B. & J. Mucklow Group... Dec. 10
 B. & J. Mucklow Group... Dec. 10

1982-83
 AGS Research... Dec. 10
 B. & J. Mucklow Group... Dec. 10
 B. & J. Mucklow Group... Dec. 10

1983-84
 AGS Research... Dec. 10
 B. & J. Mucklow Group... Dec. 10
 B. & J. Mucklow Group... Dec. 10

1984-85
 AGS Research... Dec. 10
 B. & J. Mucklow Group... Dec. 10
 B. & J. Mucklow Group... Dec. 10

1985-86
 AGS Research... Dec. 10
 B. & J. Mucklow Group... Dec. 10
 B. & J. Mucklow Group... Dec. 10

1986-87
 AGS Research... Dec. 10
 B. & J. Mucklow Group... Dec. 10
 B. & J. Mucklow Group... Dec. 10

1987-88
 AGS Research... Dec. 10
 B. & J. Mucklow Group... Dec. 10
 B. & J. Mucklow Group... Dec. 10

1988-89
 AGS Research... Dec. 10
 B. & J. Mucklow Group... Dec. 10
 B. & J. Mucklow Group... Dec. 10

1989-90
 AGS Research... Dec. 10
 B. & J. Mucklow Group... Dec. 10
 B. & J. Mucklow Group... Dec. 10

1990-91
 AGS Research... Dec. 10
 B. & J. Mucklow Group... Dec. 10
 B. & J. Mucklow Group... Dec. 10

1991-92
 AGS Research... Dec. 10
 B. & J. Mucklow Group... Dec. 10
 B. & J. Mucklow Group... Dec. 10

1992-93
 AGS Research... Dec. 10
 B. & J. Mucklow Group... Dec. 10
 B. & J. Mucklow Group... Dec. 10

1993-94
 AGS Research... Dec. 10
 B. & J. Mucklow Group... Dec. 10
 B. & J. Mucklow Group... Dec. 10

1994-95
 AGS Research... Dec. 10
 B. & J. Mucklow Group... Dec. 10
 B. & J. Mucklow Group... Dec. 10

1995-96
 AGS Research... Dec. 10
 B. & J. Mucklow Group... Dec. 10
 B. & J. Mucklow Group... Dec. 10

1996-97
 AGS Research... Dec. 10
 B. & J. Mucklow Group... Dec. 10
 B. & J. Mucklow Group... Dec. 10

1997-98
 AGS Research... Dec. 10
 B. & J. Mucklow Group... Dec. 10
 B. & J. Mucklow Group... Dec. 10

1998-99
 AGS Research... Dec. 10
 B. & J. Mucklow Group... Dec. 10
 B. & J. Mucklow Group... Dec. 10

1999-00
 AGS Research... Dec. 10
 B. & J. Mucklow Group... Dec. 10
 B. & J. Mucklow Group... Dec. 10

2000-01
 AGS Research... Dec. 10
 B. & J. Mucklow Group... Dec. 10
 B. & J. Mucklow Group... Dec. 10

the total from 2.352p to 2.477p net per 25p share.

1975-76 1976-77
 Pre-tax profit... £1,235.2 £1,235.2
 Taxation... £1,235.2 £1,235.2
 Surplus disposal props... £1,235.2 £1,235.2
 Net profit... £1,235.2 £1,235.2

Mucklow increases to £1.7m.

PROFITS BEFORE tax of the A. and J. Mucklow Group of building contractors, estate developers, etc. increased from £1.52m. to £1.72m. in the year ended June 30, 1976, following the rise to £310,200 from £241,146 in the first six months.

Turnover for the year was £4.37m. against £3.54m. and gross rentals amounted to £1.65m. (£1.51m.).

Earnings per 25p share are 11.3p (10.64p) and a net final dividend of 2.961p makes a total of 5.961p compared with 5.494p previously.

Mr. J. Mucklow, chairman, says the financial position of the group is strong. Rental income should continue to increase from new lettings and from rent reviews.

The trading companies have considerable profit potential and should do well when conditions improve.

1975 Year 1976 Year
 Turnover... £4,370,000 £3,540,000
 Gross rental... £1,650,000 £1,510,000
 Pre-tax profit... £1,520,000 £1,720,000
 Taxation... £1,520,000 £1,720,000
 Surplus disposal props... £1,520,000 £1,720,000
 Net profit... £1,520,000 £1,720,000

1977 Year 1978 Year
 Turnover... £4,370,000 £3,540,000
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 Pre-tax profit... £1,520,000 £1,720,000
 Taxation... £1,520,000 £1,720,000
 Surplus disposal props... £1,520,000 £1,720,000
 Net profit... £1,520,000 £1,720,000

1981 Year 1982 Year
 Turnover... £4,370,000 £3,540,000
 Gross rental... £1,650,000 £1,510,000
 Pre-tax profit... £1,520,000 £1,720,000
 Taxation... £1,520,000 £1,720,000
 Surplus disposal props... £1,520,000 £1,720,000
 Net profit... £1,520,000 £1,720,000

1983 Year 1984 Year
 Turnover... £4,370,000 £3,540,000
 Gross rental... £1,650,000 £1,510,000
 Pre-tax profit... £1,520,000 £1,720,000
 Taxation... £1,520,000 £1,720,000
 Surplus disposal props... £1,520,000 £1,720,000
 Net profit... £1,520,000 £1,720,000

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 Gross rental... £1,650,000 £1,510,000
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 Taxation... £1,520,000 £1,720,000
 Surplus disposal props... £1,520,000 £1,720,000
 Net profit... £1,520,000 £1,720,000

1987 Year 1988 Year
 Turnover... £4,370,000 £3,540,000
 Gross rental... £1,650,000 £1,510,000
 Pre-tax profit... £1,520,000 £1,720,000
 Taxation... £1,520,000 £1,720,000
 Surplus disposal props... £1,520,000 £1,720,000
 Net profit... £1,520,000 £1,720,000

1989 Year 1990 Year
 Turnover... £4,370,000 £3,540,000
 Gross rental... £1,650,000 £1,510,000
 Pre-tax profit... £1,520,000 £1,720,000
 Taxation... £1,520,000 £1,720,000
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 Net profit... £1,520,000 £1,720,000

1993 Year 1994 Year
 Turnover... £4,370,000 £3,540,000
 Gross rental... £1,650,000 £1,510,000
 Pre-tax profit... £1,520,000 £1,720,000
 Taxation... £1,520,000 £1,720,000
 Surplus disposal props... £1,520,000 £1,720,000
 Net profit... £1,520,000 £1,720,000

1995 Year 1996 Year
 Turnover... £4,370,000 £3,540,000
 Gross rental... £1,650,000 £1,510,000
 Pre-tax profit... £1,520,000 £1,720,000
 Taxation... £1,520,000 £1,720,000
 Surplus disposal props... £1,520,000 £1,720,000
 Net profit... £1,520,000 £1,720,000

1997 Year 1998 Year
 Turnover... £4,370,000 £3,540,000
 Gross rental... £1,650,000 £1,510,000
 Pre-tax profit... £1,520,000 £1,720,000
 Taxation... £1,520,000 £1,720,000
 Surplus disposal props... £1,520,000 £1,720,000
 Net profit... £1,520,000 £1,720,000

1999 Year 2000 Year
 Turnover... £4,370,000 £3,540,000
 Gross rental... £1,650,000 £1,510,000
 Pre-tax profit... £1,520,000 £1,720,000
 Taxation... £1,520,000 £1,720,000
 Surplus disposal props... £1,520,000 £1,720,000
 Net profit... £1,520,000 £1,720,000

2001 Year 2002 Year
 Turnover... £4,370,000 £3,540,000
 Gross rental... £1,650,000 £1,510,000
 Pre-tax profit... £1,520,000 £1,720,000
 Taxation... £1,520,000 £1,720,000
 Surplus disposal props... £1,520,000 £1,720,000
 Net profit... £1,520,000 £1,720,000

2003 Year 2004 Year
 Turnover... £4,370,000 £3,540,000
 Gross rental... £1,650,000 £1,510,000
 Pre-tax profit... £1,520,000 £1,720,000
 Taxation... £1,520,000 £1,720,000
 Surplus disposal props... £1,520,000 £1,720,000
 Net profit... £1,520,000 £1,720,000

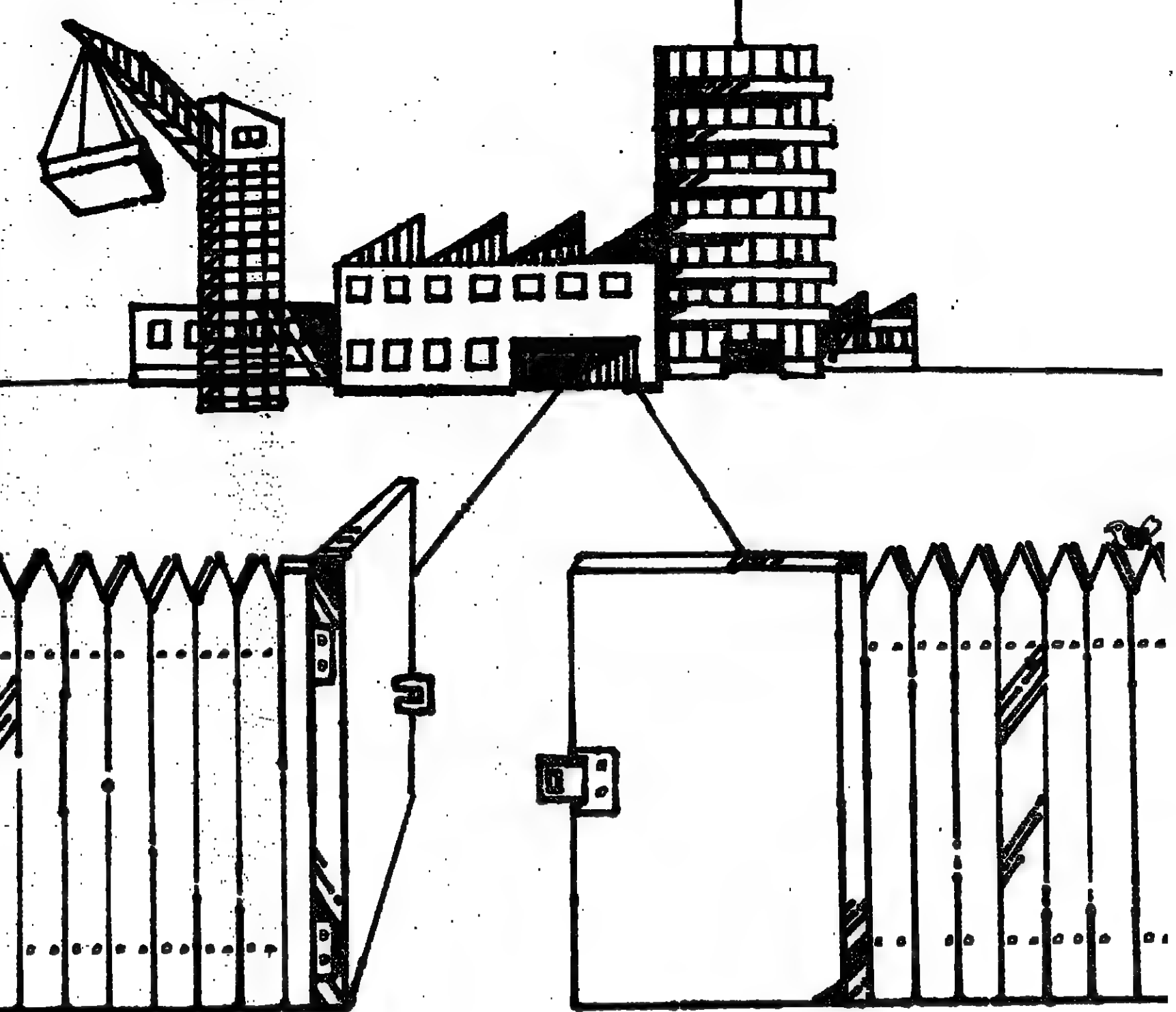
2005 Year 2006 Year
 Turnover... £4,370,000 £3,540,000
 Gross rental... £1,650,000 £1,510,000
 Pre-tax profit... £1,520,000 £1,720,000
 Taxation... £1,520,000 £1,720,000
 Surplus disposal props... £1,520,000 £1,720,000
 Net profit... £1,520,000 £1,720,000

2007 Year 2008 Year
 Turnover... £4,370,000 £3,540,000
 Gross rental... £1,650,000 £1,510,000
 Pre-tax profit... £1,520,000 £1,720,000
 Taxation... £1,520,000 £1,720,000
 Surplus disposal props... £1,520,000 £1,720,000
 Net profit... £1,520,000 £1,720,000

2009 Year 2010 Year
 Turnover... £4,370,000 £3,540,000
 Gross rental... £1,650,000 £1,510,000
 Pre-tax profit... £1,520,000 £1,720,000
 Taxation... £1,520,000 £1,720,000
 Surplus disposal props... £1,520,000 £1,720,000
 Net profit... £1,520,000 £1,720,000

2011 Year 2012 Year
 Turnover... £4,370,000 £3,540,000
 Gross rental... £1,650,000 £1,510,000
 Pre-tax profit... £1,520,000 £1,720,000
 Taxation... £1,520,000 £1,720,000
 Surplus disposal props... £1,520,000 £1,720,000
 Net profit... £1,520,000 £1,720,000

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Lombard North Central turns in £8.48m.

THE TREND of profitability established by Lombard North Central since March 31, 1975, has continued and the year to September 30, 1976, shows a group profit before tax and extraordinary items of £8.48m. compared with a loss of £3.48m. for the previous year. At half-way there was a profit of £4.05m. against a loss of £1.1m.

Buyer's instalment credit business in the U.K. was the dominant factor in the group's profitability, the directors state.

There was little improvement in the property market generally, but further progress was made in stabilising advances secured upon property and the level of residential property sales by customers was encouraging. The demand for commercial and industrial properties shows little evidence of early recovery.

The company continued to fund its U.K. and overseas operations satisfactorily and, while overall money costs showed a reduction, there was a marked upturn in the second half.

Large fluctuations in international exchange rates eroded the exchange of fluctuations in resource previously accumulated by Lombard Australia and dictated the need for a change in funding policy. Accordingly, during the second half of the year, Euro-currency loans were largely replaced by local borrowings.

Nevertheless, the recent devaluation of the currencies of Australia and New Zealand has depleted the reserves of the group by approximately £10.5m. which will be reflected in the current year accounts.

LNC is a subsidiary of National Westminster Bank.

1975-76 1976-77
 Gross profit... £1,235.2 £1,235.2
 Taxation... £1,235.2 £1,235.2
 Surplus disposal props... £1,235.2 £1,235.2
 Net profit... £1,235.2 £1,235.2

1977-78 1978-79
 Gross profit... £1,235.2 £1,235.2
 Taxation... £1,235.2 £1,235.2
 Surplus disposal props... £1,235.2 £1,235.2
 Net profit... £1,235.2 £1,235.2

1979-80 1980-81
 Gross profit... £1,235.2 £1,235.2
 Taxation... £1,235.2 £1,235.2
 Surplus disposal props... £1,235.2 £1,235.2
 Net profit... £1,235.2 £1,235.2

1981-82 1982-83
 Gross profit... £1,235.2 £1,235.2
 Taxation... £1,235.2 £1,235.2
 Surplus disposal props... £1,235.2 £1,235.2
 Net profit... £1,235.2 £1,235.2

1983-84 1984-85
 Gross profit... £1,235.2 £1,235.2
 Taxation... £1,235.2 £1,235.2
 Surplus disposal props... £1,235.2 £1,235.2
 Net profit... £1,235.2 £1,235.2

1985-86 1986-87
 Gross profit... £1,235.2 £1,235.2
 Taxation... £1,235.2 £1,235.2
 Surplus disposal props... £1,235.2 £1,235.2
 Net profit... £1,235.2 £1,235.2

1987-88 1988-89
 Gross profit... £1,235.2 £1,235.2
 Taxation... £1,235.2 £1,235.2
 Surplus disposal props... £1,235.2 £1,235.2
 Net profit... £1,235.2 £1,235.2

1989-90 1990-91
 Gross profit... £1,235.2 £1,235.2
 Taxation... £1,235.2 £1,235.2
 Surplus disposal props... £1,235.2 £1,235.2
 Net profit... £1,235.2 £1,235.2

1991-92 1992-93
 Gross profit... £1,235.2 £1,235.2
 Taxation... £1,235.2 £1,235.2
 Surplus disposal props... £1,235.2 £1,235.2
 Net profit... £1,235.2 £1,235.2

1993-94 1994-95
 Gross profit... £1,235.2 £1,235.2
 Taxation... £1,235.2 £1,235.2
 Surplus disposal props... £1,235.2 £1,235.2
 Net profit... £1,235.2 £1,235.2

1995-96 1996-97
 Gross profit... £1,235.2 £1,235.2
 Taxation... £1,235.2 £1,235.2
 Surplus disposal props... £1,235.2 £1,235.2
 Net profit... £1,235.2 £1,235.2

1997-98 1998-99
 Gross profit... £1,235.2 £1,235.2
 Taxation... £1,235.2 £1,235.2
 Surplus disposal props... £1,235.2 £1,235.2
 Net profit... £1,235.2 £1,235.2

1999-00 2000-01
 Gross profit... £1,235.2 £1,235.2
 Taxation... £1,235.2 £1,235.2
 Surplus disposal props... £1,235.2 £1,235.2
 Net profit... £1,235.2 £1,235.2

2001-02 2002-03
 Gross profit... £1,235.2 £1,235.2
 Taxation... £1,235.2 £1,235.2
 Surplus disposal props... £1,235.2 £1,235.2
 Net profit... £1,235.2 £1,235.2

2003-04 2004-05
 Gross profit... £1,235.2 £1,235.2
 Taxation... £1,235.2 £1,235.2
 Surplus disposal props... £1,235.2 £1,235.2
 Net profit... £1,235.2 £1,235.2

2005-06 2006-07
 Gross profit... £1,235.2 £1,235.2
 Taxation... £1,235.2 £1,235.2
 Surplus disposal props... £1,235.2 £1,235.2
 Net profit... £1,235.2 £1,235.2

W. E. Norton ahead in first half

FIRST-HALF (to September 30) turnover of machine tool merchants W. E. Norton (Holdings) increased from £2.1m. to £2.5m. and pre-tax profits were £188,000 against £150,000 previously.

Mr. W. Norton, chairman, says prospects for the months ahead appear good. November was a record for orders received.

The net interim dividend is lifted from 0.2788p to 0.3067p. Last year's total was 0.3578p, from pre-tax profits of £356,549.

Tax charge in the first half was £55,000 (£22,000) but, in view of stock relief, may not be payable, the directors say.

The pending litigation in connection with the claim concerning the group's investment in Kearney and Trecker Marine is being pursued, it is stated.

1975-76 1976-77
 Gross profit... £1,235.2 £1,235.2
 Taxation... £1,235.2 £1,235.2
 Surplus disposal props... £1,235.2 £1,235.2
 Net profit... £1,235.2 £1,235.2

1977-78 1978-79
 Gross profit... £1,235.2 £1,235.2
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 Net profit... £1,235.2 £1,235.2

1979-80 1980-81
 Gross profit... £1,235.2 £1,235.2
 Taxation... £1,235.2 £1,235.2
 Surplus disposal props... £1,235.2 £1,235.2
 Net profit... £1,235.2 £1,235.2

1981-82 1982-83
 Gross profit... £1,235.2 £1,235.2
 Taxation... £1,235.2 £1,235.2
 Surplus disposal props... £

National & Commercial sees tight squeeze

THE IMPOSITION of the corset controls on the banks will mean a very tight squeeze on lending over the next six months, Sir James Blair-Cunningham, chairman of the National and Commercial Banking Group, stated yesterday.

It was "unthinkable," the bank said, that industry would be deprived of funds to support real investment as a result, and if this problem arose the banks would approach the authorities for a relaxation.

But there was a danger in the present low utilisation of agreed overdraft limits, and the banks would have to hold back lending to other markets in order to ensure they could meet short-term fluctuations in industry's demands.

The bank also suggested that the corset could drive borrowing into other markets outside the banking system such as inter-company lending.

Commenting on the new industrial accounting proposals, Sir James echoed the general criticism of the banks. He argued that the proposals at present would result in overvaluing the profits of the banks, and did not deal with the problem of adjustment for the impact of inflation on the banks' monetary assets. However, it appeared that the banks might be given special treatment.

Profit expansion
Pre-tax profit of the bank for the year to September 30, 1976, expanded to £57.72m. (compared with £57.23m. for the previous year which was struck after an additional provision of £10m. against advances).

Earnings per 25p share for the year rose from 7.5p to 12.4p, and the dividend is stepped up from 2.148p to a maximum permitted 3.3575p net with a final of 1.2075p.

Operating profit ... £57.72m.
Add: prov. against advances ... £10.00m.
Less: provisions ... £10.00m.
Profit before tax ... £57.72m.
Less: tax ... £10.00m.
Profit after tax ... £47.72m.

Extraordinary items comprise £100m. net deficit on pre-tax losses in investments and investments in associated companies compared with £2,282,308. Profit

Operating profit ... £57.72m.
Add: prov. against advances ... £10.00m.
Less: provisions ... £10.00m.
Profit before tax ... £57.72m.
Less: tax ... £10.00m.
Profit after tax ... £47.72m.

Operating profit ... £57.72m.
Add: prov. against advances ... £10.00m.
Less: provisions ... £10.00m.
Profit before tax ... £57.72m.
Less: tax ... £10.00m.
Profit after tax ... £47.72m.

Operating profit ... £57.72m.
Add: prov. against advances ... £10.00m.
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Less: tax ... £10.00m.
Profit after tax ... £47.72m.

Operating profit ... £57.72m.
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Profit after tax ... £47.72m.

Operating profit ... £57.72m.
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Less: tax ... £10.00m.
Profit after tax ... £47.72m.

Operating profit ... £57.72m.
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MINING NEWS

More December dividends

BY KENNETH MARSTON, MINING EDITOR

IN THE latest batch of December dividends from the South African gold and uranium mines Randfontein follows up its 1976 interim of 100 cents (85p) with a similar payment for the year's final. Prior to the 1976 interim, the mine's last payment was for 1975 after which new era was ushered in by the development of the new Cooke section of the property.

Randfontein's satisfactory 1976 dividend total of 200 cents can be viewed as a continuation of the earnings progress of the Cooke mine and the decision to resume uranium operations at the original property, earlier this year, which new era was ushered in by the development of the new Cooke section of the property.

The company is a subsidiary of Greenall Whitley and Co. Reuter

Recovery by United Wire

AFTER falling from £517,000 to £224,000 in the first half, pre-tax profits of United Wire Group finished the 33 weeks to October 2, 1976 up from £258,000 to £1,111,000 on turnover of £10,239,000, against £9,199,000.

After tax of £583,000 (£225,000) earnings are shown at 6.4p (4p) per 25p share and the dividend is raised from 3.7p to 4.2p net with a final of 2.5p. Extraordinary debits absorb £38,000 compared with £314,000 and profits attributable to ordinary shareholders are £484,000 (£13,000).

The improvement in second-half profits resulted mainly from higher sales without a corresponding increase in costs, say the directors.

Rising metal values and improved sterling proceeds from overseas sales in foreign currencies also contributed to profits. Extraordinary debits were not as large as anticipated at the year, due to compensatory claims on consolidation of overseas assets.

But the group's share of results of Associated Securities in Australia, where last December the company wrote down certain assets and made provisions against possible losses, showed a loss of £91m. (profit £0.56m.).

United Wire and other associates all contributed higher profits.

See Lex

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Inflation ACCOUNTING



Valuations



Knight Frank & Rutley

**Land
Buildings
Plant &
Machinery**

Japanese company profit rises may be temporary

Looking at the profits picture on an industry-by-industry basis, Nihon Keizai says that in the six months to last March, 90 per cent of Japanese company profits came from six major industries (including cars and electrical goods) with almost all other major industries either scoring

● **CONSOLIDATED** net profit of Sony Corporation will be boosted by 14 to 15 per cent to between ¥3.42bn. and ¥3.45bn. for this fiscal 1977, started last month, from ¥30bn., estimated for the last fiscal year ended October 31. President Kazuo Iwama said. He made the forecast in Sony's new business programme an-

Carrefour upturn

Pre-tax turnover of Carrefour Supermarchés SA for first 11 months was Frs.6,50bn. (Frs. 5,40bn.) reports Reuter from Paris. November turnover totalled Frs.681m. (Frs.515m.).

BY RICHARD ROLFE

ONE OF the most bizarre annual reports to appear in Johannesburg in recent years has just been circulated by the small road transport equipment manufacturer, LHL Engineering, whose

JOHANNESBURG, Dec. 2.

ITC will offer 3.8m. ordinary shares currently held by the foreign shareholders to the Indian public and others for cash from December 14 at ₹10.50 per share against the face value of ₹10 and the market price of ₹12. Of these

Japanese bo

Nacional Del Uranio) is borrowing \$46.7m, over six years on a spread of 11 per cent. The lead manager is the International Nuclear Credit Bank-Bifen.

JOHANNESBURG, Dec. 2

shares are quoted on the stock exchange and in which the conglomerate group Abercom holds a 32 per cent. interest.

Indian Tobacco, which began functioning in India 66 years ago as Imperial Tobacco, will be the first of a number of companies to Indianise its equity holdings in accordance with the Foreign Exchange Regulation Act (FERA). Reports R. S. Sengupta, Managing Director of the company's foreign shareholders—Tobacco Manufacturers (India), Tobacco Investment and Reinsurance International, have said that they will transfer 50% of their holdings in order to increase Indian participation in its share capital.

ITC will offer 3.8n. ordinary shares currently held by the foreign shareholders to the Indian public and others for cash from December 14 at Rs10.50 per share against the face value of Rs10 and the rest in cash.

TOKYO, Dec. 2.

JAPANESE foreign bond issues are expected to rise to between \$400m. and \$450m. equivalent in the first quarter of next year, from about \$370m. in the current quarter, informed securities sources said.

The increase, decided by the Ministry of Finance under its quarterly monetizing of overseas issues, was understood to reflect the belief that Japan's balance of payments will perform less well in the first 1977 quarter as the trade surplus is expected to narrow.

They also noted that Japanese corporate borrowers remained cautious about foreign funds if possible, rather than on the domestic market where interest rates were considerably higher.

The sources listed 18 bond issues approved for the first quarter, 10 in dollars for a total \$270m., four in Swiss francs for Sw.Fr.240m. and two in D-Marks totalling DM90m.

The number of issues is down from 18 in the present quarter, although the borrowing amount is larger, and the sources said the size of some of the issues might be adjusted slightly, reflecting balance-of-payments and domestic capital market considerations.

Router

Year ended Year ended

Notes

1. In addition it is expected that there will be a very significant net credit on extraordinary items.
2. As already stated, the Board intends to recommend payment of a final dividend amounting to 2.8155p net per share, so that the total dividend for the year to 30 September 1976 will be increased from 3.102p net last year to 4.963p net per share.

Lonrho Limited, 138 Cheapside, London EC2V 6BL 2 December 1976

[illegible]

European Investment Fund

Hill Samuel & Co. Limited
100 Wood Street
London EC3R 2AJ

INTERIM RESULTS

- * Half-year results again show most satisfactory improvement.
- * Sales up by 28% and pre-tax profits by 42%.
- * Gift Token Scheme for independent chemists should provide positive cash flow.
- * Significant contribution expected from diversification into optics field.

...and the book is a must for all those who are interested in the history of the book trade.

Bremar Holdings Ltd., UK-based international bankers

	report new record results:—		
	Half year to 30 Sept. '76	Half year to 30 Sept. '75	Year to 31 Mar. '76
Profit before tax (unaudited)	£ 607,218	£ 539,440	£ 1,130,901
Profit after tax	£ 480,884	£ 386,156	£ 956,423
Retained profit carried forward	£ 1,932,772	£ 825,755	£ —

Interim statement from:
The Secretary, Bremar Holdings Ltd.,
Bremar House, Sale Place, London W2 1PT.
Tel: 01-262 5000. Telex: 21969

Istanbul — London — Zug — Stockholm — New York
Rio de Janeiro — Athens — Buenos Aires — Luxembourg

FINANCIAL TIMES REPORT

Friday, December 3 1976

LEEDS

Endowed with the enduring qualities characteristic of its Yorkshire setting, Leeds continues to present to the world its traditional image of agreeable prosperity derived from hard work. Problems there may be, but they are not regarded as insuperable.

Money still about

This Report was written by Alan Forrest

WE'VE BEEN a bit complacent in Leeds. We've always tended to think we're God's gift to the North of England and don't ever believe we'd have to shop around to attract jobs. It's times as they are, we're saying, I'm glad to say."

The speaker was a Leeds businessman and very few members of business organisations or the City Council would disagree with him. The city has ways, enjoyed a prosperity greater than the smaller centres of West Yorkshire, particularly those tied to one industry like textiles. Leeds has always been a place where you might find your wallet pinched if you went there on a Saturday night. It's a place where you might find your wallet pinched if you went there on a Saturday night.

The truth is that Leeds is a friendly and warm city. It has enjoyed prosperity, but through and work, although this never stopped people in Bradford, its nearest neighbour, from believing they did the hard work making the cloth while the multiple millions of Leeds turned it into bits and resold the big profits.

Suspensions

There are signs that these suspicions are breaking down. Leeds city councillors say that relations with Bradford have never been better. One reason may be that they are now under the umbrella of a Labour-controlled county council and the chief executive, and we've seen that they have battles in court over a kitchen hand since April.

While Leeds is suffering like most large centres from the loss of jobs, a recession, businessmen are not leaving the city. They're staying for better things. They made all sorts of cuts to save a city council with a wastage of redundancies. Mr. Spaulding admitted he is worried about the prospect of a further cut in local government engineering company, and men budgets. "We have so far

Peter Spaulding, the deputy leader, a Leeds solicitor. "We feel they're a little more alive to our problems than the Labour lot," businessmen say. One of the problems has been a rundown in the city's manufacturing activity. In 1964, 55 per cent of the population was in manufacturing. By 1974 the figure was down to 38 per cent. In the years 1963-73 there was a decline in manufacturing employment of 32,700 people. With Leeds' growth as an office centre in recent years these figures tended to be ignored. But now both business organisations and councils are agreed on the need to bring more manufacturing to the city.

Peter Spaulding spoke about the fight by the council to keep down spending. "We've got a system now that no council can be filled with the exception of teaching jobs—without the consent of the Tory-controlled authorities. We get together regularly with controlled county council and the chief executive, and we've seen that they have battles in court over a kitchen hand since April.

avoided cuts that hurt," he said, "but an extra 5 per cent would take us into some rather painful areas." Talking with councillors in Leeds, gives one an impression of a well-governed city. Though the large centres of West Yorkshire have always been run on party political lines Leeds has been fairly free of real political strife at Town-Hall level. "Our relations with Sir Albert King (the respected leader of the Labour group) have always been good—he's one of the nicest people I know," Mr. Spaulding said. But some Tory councillors are worried that this atmosphere of sweet inter-party reason will not survive Sir Albert's approaching retirement.

But reasonable peace normally reigns in the Town Hall. Councillors seem to get on with the job of governing a huge metropolitan district of over 700,000 people. The new Leeds is much more than the old city of canals, engineering works, dusty pubs and cricket madness. It is one of five West Yorkshire districts—the others are Bradford, Kirkstall, Calderdale and Wakefield—and has taken on more territory and more problems.

multiple tailoring industry as more big groups run down manufacturing and switch more investment to retailing. They have already lived through a decade of change, of old buildings torn down. They walked through acres of rubble amid a cacophony of road drills. They saw a new city emerge and just at the time they should have begun to enjoy it the recession came along.

Cheerful

When you talk to its citizens around the pubs and in the fine new shops you find cheerful. Leeds is in for harder times you don't find much evidence of people accepting it yet. The new. Those in secure jobs are earning good money, but there is worry about the future of the - wholesale clothing and is still there.

Tailored for commuters

ONE CHANGE in the social pattern of Leeds in recent years has been the growth of the commuter habit. People who once would settle for green belt living in suburbs like Alwoodley and Adel are taking houses in the Dales and a few are even driving 80 miles from the Yorkshire Coast each day to offices in the city centre.

The attractions are great. To find the tranquillity that comes from living in a Dales village, a Londoner would need to travel over a hundred miles. A village like Burnsall, in the heart of Wharfedale, is roughly 80 miles from City Square.

But to make this life-style pay off, communications must be good. Those around Leeds are excellent. They always were. Fast diesel trains were running between Leeds and Bradford doing the 11-mile journey in just over 15 minutes long before British Rail had banished steam. And now a quick rail journey from the City Station drops a worker at places like Menston, Burley, Ilkley, dotting the areas on the edge of the fairs.

For travelling longer distances, motorway services are just as good. The road link between the Mersey and the Humber is excellent as are road communications with the North East. And trains from London are almost hourly, taking little over three hours on average.

For a city with such a splendid record for getting people from one spot to the other, Leeds is taking an awful long time to make up its mind about the future of its airport. It is

not entirely the city's fault—three authorities are involved in running the Leeds-Bradford Airport at Yeadon—the West Yorkshire County Council and the cities of Leeds and Bradford.

The plan is to build—at a cost of £8m—a longer runway to the existing airport so it can take the big Jumbo jets. And the latest episode in the continuing story was a vote in the City Council a fortnight ago. The controlling Tories allowed their supporters a free vote, but Labour put the whip on. The council voted against the runway, 14 Tories voting with the Labour group while the council leader and deputy leader voted for the runway. The consultation for runway supporters is that the two other authorities on the airport committee are in favour of it.

Arguments

The arguments against it are both environmental and economic. People who live in pleasant dormitory areas like Horsforth and Yeadon don't rate the quality of their lives very highly if Jumbo jets start using Yeadon. And others just simply say there is no justification in spending a sum of £8m. at a time like the present.

Threats of Jumbo jets notwithstanding, a lot has been done to make life pleasanter for the people of Leeds in recent years. The council has an ambitious plan operating for "refurbishing" pre-war council houses, work which involves almost tearing the inside out, putting in new bathroom suites, modern kitchens and central heating. Many have been completed and there are plans to do 20,000 more.

For house-buyers, property on the market seems reasonably priced. "A semi in a quiet cul-de-sac" at Horsforth was recently on offer at £11,500 and for the more ambitious (and richer) £22,000 was asked for a stone-built lodge "designed by a famous architect and overlooking the Yorkshire Dales." A terrace cottage at Bridlington—on the Yorkshire coast, but within commuting distance of Leeds, seemed a snip at £7,500. With the smoothness and convenience of local travel it is possible to shop around. One estate agent said: "You can even find a real bargain still around the Dales if you search." Only a couple of years ago a Bradford architect was able to buy a stone-built cottage in the centre of the pleasant market town of Skipton for less than £3,000.

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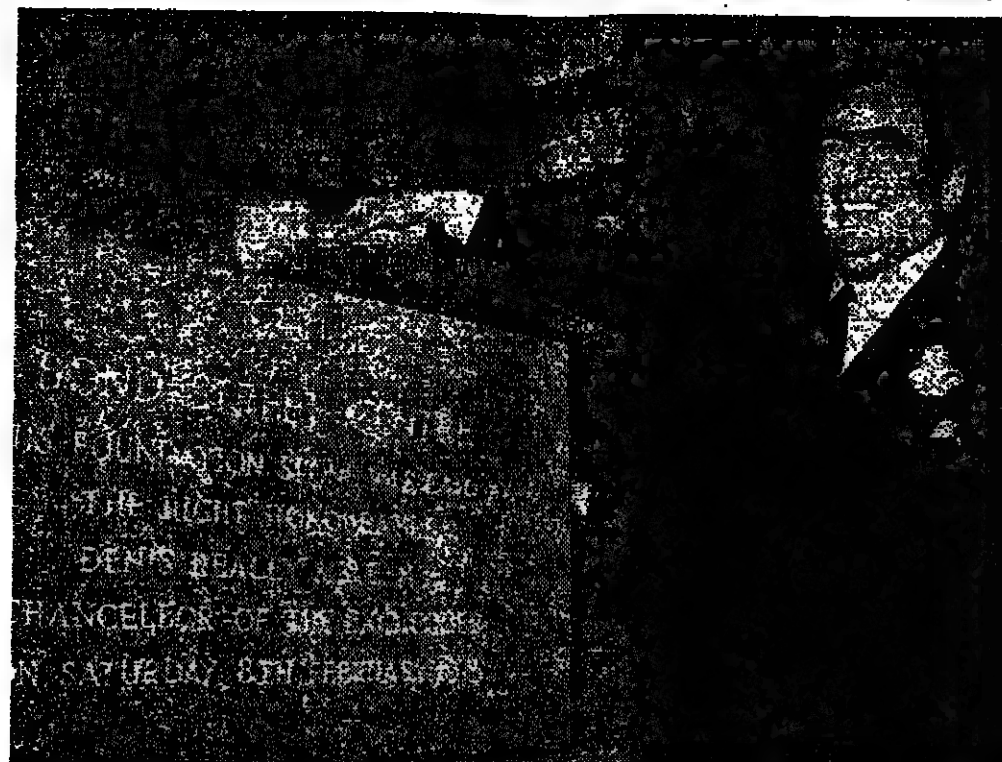
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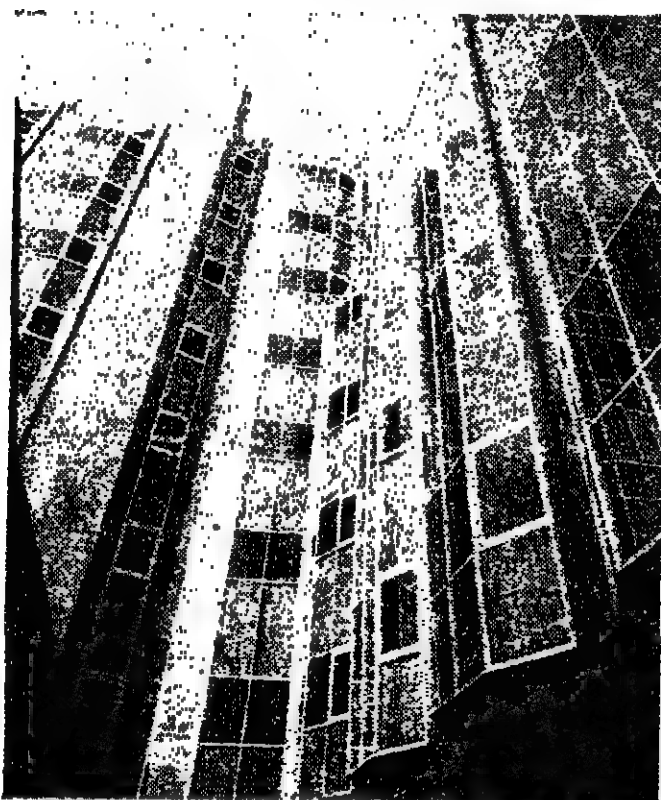


Mr. Denis Healey, who is MP for Leeds East, when he laid the foundation stone for the new Bond Street Centre and an artist's impression of the new Centre.



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Central facelift

LEEDS HAS carried through its city centre transformation rather more successfully than its neighbouring industrial cities. Along with fine new shopping precincts, hotels and office blocks, it has kept enough of its Victorian past to give the visitor the odd glimpse of the city people that Sir John Betjeman and others was nostalgic about.

As Peter Sparling, deputy leader of the city council, puts it: "We benefited by coming to central redevelopment later than other cities in the north. When our scheme got underway the passion for tearing everything down had abated. We tried to keep the best of the old." This policy is being maintained. For example, a plan to develop the old Post Office site in City Square will preserve the building's handsome Victorian facade. Pleasant Victorian shopping arcades have been kept intact and their new precincts, with their flower pots and pedestrian walks.

In the immediate future two

controversies will dominate the further planning of the centre. The first one concerns office building—should there be more or less? With its position as a big regional centre with smooth communications with London and the ports of the Humber in the east and the Mersey in the west, Leeds has attracted big names in the office world. Groups such as Norwich Union and County Bank, Nat West's merchant arm, have set up regional headquarters there.

Attitude

Local businessmen feel there is room for still more office development but the West Yorkshire County Council has its eyes on the county's smaller regional centres, where the drive for office jobs has not been so successful. There is a feeling in the county that Leeds must now step down in favour of towns where low-rent office accommodation is going begging.

The city's Chamber of Com-

merce criticises this attitude in its recent memorandum on the West Yorkshire Structural Plan (to be published in 1978). "Rents achievable in every area of West Yorkshire except Leeds are too low to sustain a successful speculative office development at current building costs," the Chamber says.

It refutes the argument "that restriction of office development in Leeds will lead to those offices being built in Bradford, Halifax, Huddersfield or Wakefield," and argues that the only beneficiaries of such a policy will be the other nearby regional "capitals" of Sheffield and Manchester. Although the Chamber agrees that a time could come when the city reaches a level of congestion that made restraint necessary, it says: "Leeds is far from that state at the moment."

Leeds businessmen see no objection to the spread of "the office centre across central Leeds. One idea that is looked on with favour involves "three-tier developments" with offices

sandwiched between a shopping ground floor with flats above. "The effect would be to bring back people into the city centre which in places is dead in the evening," the Chamber's report says.

If adds: "The debate on office development has concentrated on the centre of Leeds, but the suburban areas are also attractive because of the nearness to motorways, the lower level of rents, the part-time office labour available and the greater car parking facilities in many suburban areas."

The other controversy affecting the future of the city centre concerns the private car. Councilors and businessmen in the city feel Leeds is suffering from the dedication to public transport of the Labour-controlled West Yorkshire County Council's overlordship so far as highways and transport policy are concerned. One company director said: "Of course we're not against constant improvement of public transport — ours is the best in the county and we want it to continue so. But there is a balance to be maintained and the balance at the moment is against the private car."

They carry a lot of support from shoppers and visitors. The traffic-free Headrow, one of the city's best shopping streets, has not been universally popular, either with shoppers or shopkeepers. "We don't want the right to park cars anywhere," a salesman said, "but the authorities seem to be forgetting the needs of people who want to call on customers and just park their cars for a short time at a reasonable charge."

Businessmen are happy with a policy that limits commuter parking, but argue for a more permissive policy for short-term parkers. "The future of offices and car parks are both problems the city will iron out. Many members of the business community see a chance of a rapid change in attitudes if control of the town hall goes to the Tories at the next election. But nobody is taking any heavy bets on that happening."

In the meantime, the inner city continues to improve. The big new Bond Street centre being developed by Raglan Property Trust is a welcome addition to a shopping area which has always been the best in Yorkshire. It will contain Boots' department store and the biggest British Home Store branch in the U.K.

With the building of the National Exhibition Centre in Birmingham, and the nearby West Yorkshire towns of Harrogate and Ilkley developing excellent facilities, Leeds does not expect to rate as a top conference centre. But members of the Chamber of Commerce believe there is scope for small exhibitions there, particularly in the field of engineering, on the city's major industries. And it was recently announced that Bantam Investments had put forward plans for a refurbishment of the city's Queen Hall to provide two car parks with 800 spaces, small exhibition suites, squash court and a shopping mall.

Mainstay

A casual chat with Saturday shoppers reveals enthusiasm for change. There are a few real dinosaurs, of course, like the man who said: "I've never seen foot inside Schofield's since the old Theatre Royal was closed to extend the store." The man was nearly 20 years ago. But Schofield's, and that other old mainstay of Leeds shopping, Lewis's, still do splendid business along with the swinging new boutiques around Bon Street and Albion Street.

It is certainly a cleaner city centre than ever before. You can now actually see the ornamental stonework on the old Victorian buildings, the Black Prince who has stood sentinel in City Square for more than a century is now almost a White Prince and somebody said the other day: "I've really seen the Town Hall for the first time. Used to think it was just a mucky pile of stone. Now I know what John Betjeman was on about."

Industrial promotion

LEEDS IS preparing to go into industrial promotion in a big way. The city's leaders—business and local government—are determined to bring back more manufacturing jobs to the city. Its first handout to industrialists is a nicely produced folder with a revolving disc comparing Leeds' rates with those of most other big manufacturing centres. Leeds, of course, has the lowest.

"We think our low rates are among the best things we've got to offer," a council spokesman said, "and certainly, other areas are already complaining about unfair propaganda."

Leeds has finally decided to go shopping for its industry. The Chamber of Commerce in its memorandum on the West Yorkshire structural plan, tells the county council: "There is simply not enough land allocated for industrial use. If a major industrial company were to be attracted to the county, where would it find a choice of 100-acre sites, or even one 100-acre site?" So the need is for more industrial land—and the companies to come into the area and fill it.

Thus industry-hungry policy is an about-turn from even a year ago when the Chamber was saying: "Leeds is unlikely to attract any major influx of manufacturing activity and therefore growth has to come from services and office work."

If more manufacturing comes to the city it will be welcomed by the citizens. Leeds has a long history as a manufacturing centre. And even its manufacturing has had a diversity that was the envy of other towns—from heavy engineering to Christmas cards and jig-saw puzzles—enhancing the city from the worst of bad times.

You can still meet elderly women doing clean, tight jobs in shops or offices who talk nostalgically of the days they were sewing machinists at Burton's before the rundown of the clothing industry began and wish they were back there. Certainly, any industry setting up shop in Leeds will have no difficulty in filling jobs.

The Chamber's memorandum calls for a return to industrial location in the inner town and cities. It points out that the county work in Leeds at companies such as Alf Croke and Waddington's, Britain's major producers of playing cards. The and at the same time companies big printing machine manufac-

displaced by road building in South Leeds were moved to greenfield sites.

"Two trends," the Chamber says, "were never co-ordinated and the result has been that skilled labour has been lost to industrial firms and transportation costs faced by workers have increased enormously."

Behind all the thinking and planning lies one simple truth. Leeds wants to remain a manufacturing district and grow as one. It wants its share of foot-loose industry and isn't too proud any longer to beg it to come to the city. Planners in some other areas tell you "We'll take anything but the car industry—that spells trouble." But Leeds has several car component plants within the city—axles are made at Kirkstall Forge and British Leyland have set up a plant at the West Yorkshire Foundry—and labour relations have been excellent so far.

Transfer

The question mark over the clothing industry is constantly on the minds of business leaders. The rundown of Burton's, the transfer of jobs by some companies to the North East was a blow to people who had always seen "the tailoring" as Leeds' own craft. The recent success story of the Hepworth group, however, has raised some spirits.

In planning the future business leaders have been concerned about the effect of major city redevelopment on the small business.

Older property near the city centre, has traditionally been the area for small manufacturing and service companies, often little more than one-man businesses. Redevelopment has displaced many of them and the amount of low-rent accommodation has been reduced considerably.

The Chamber of Commerce says: "This is a worrying development for the future manufacturing base of the city in that it is from these beginnings that many medium-sized firms grow."

Leeds is the centre of another industry which is going through many changes—printing. About half the 14,000 printers in the country work in Leeds at companies such as Alf Croke and Waddington's, Britain's major producers of playing cards. The and at the same time companies big printing machine manufac-

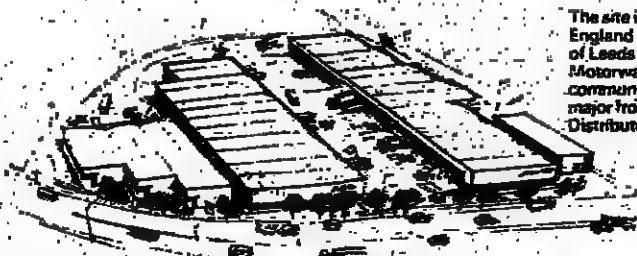
turers, Crabtree Vickers, is also sited in the city. According to a recent survey there are 1,300 diverse forms of industrial activity going on in the city at any given moment.

It is on this diversity Leeds plans to build. It hopes that what it has to offer will be attractive to foreign companies. Already the Japanese are involved in the local ball-bearing industry. Cameron Ironworks, a comparative newcomer to the city and now a leading force in the local engineering industry, is U.S.-owned.

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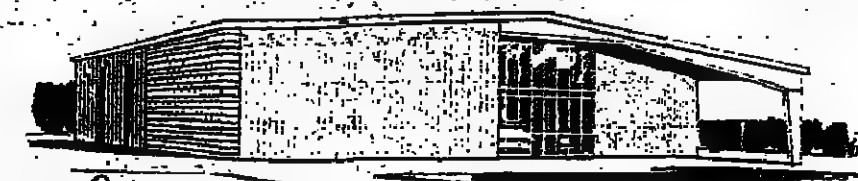
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LEEDS III

Drawing the crowds

NORTHERN CITIES, never splendid green countryside a particularly lax at pursuing short drive from the centre— money, have just the Yorkshire Dales, the Wolds, the moorland, the coast, all speedily reached by road or rail, the countryside that has delighted the Texan bosses of a local engineering works, and sent car loads of Japanese out of the city when the wedding and dealing is done.

With ports such as New-castle, busy with traffic from Scandinavia, it is easy, Leeds, 70 miles or so from the sea, cannot claim to be that sort of magnet. But with the news that continental are looking at Hull as a place for cheap shopping in Britain, Leeds is already saying: "We've got the best shopping centre in the Yorkshire and Humber region. Why not come here?" This is not just an attempt National Opera at the Grand or by a city to join the scramble, wallow in nostalgia with that

"Snow White and the Seven Dwarfs" starring Seven Real Dwarfs. The latest addition to the city's cultural life is the new sculpture gallery planned as an extension to the city art gallery. This glass-fronted structure will receive a £100,000 Arts Council grant—the biggest the council has given for such a project. The great Yorkshire sculptor, Henry Moore, has visited the city recently to give his support to the venture and has promised some of his work for permanent exhibition. The idea is that the gallery will pay for itself with any charge on the rates—an ambition that will be helped by the incorporation of a pub on the premises. This will be run by Cameron's, the North East brewers, which has long been anxious to get a footing in the city where the local licensing trade is dominated by the old Yorkshire names of Tetley, Webster, John Smith and Samuel Smith.

Sport
Council deputy leader Peter Spauling spoke enthusiastically of the sculpture gallery venture. He pointed out that Leeds is determined to develop its already considerable leisure facilities. "We are open to any ideas," he said, "so long as a project will pay for itself and won't cost the ratepayer anything."

Sport is high on the list of Leeds attractions. At Headingley you will find probably the most erudite cricket crowd in the world—this means that though Yorkshire isn't the team it once was everybody can tell you why at great length. There are half a dozen county grounds less than a day's drive away and both rugby codes are on show at Headingley.

Leeds United's ground at Elland Road is only a long stone's throw from the city centre—again the club isn't what it was, but the arrival of Moscow Dynamo representatives in the city last week for a look at "a great English team" made United supporters walk a little more springily again.

Leeds has always been a sophisticated and cosmopolitan city, a statement that may seem hard to believe to some southerners sold on the Coronation Street image of the north. But it is in a class of its own among Yorkshire towns—thanks to a large and wealthy Jewish population which has enriched the city's cultural life and an hintily Leeds is plugging the Varieties which is billing

choral music which has made the Leeds Festival one of the great events of its kind. Night life has improved. It was always there, but at a price and most people had to be content with "the pub and the pictures." Now, with more money around, even in the present economic situation, the choice for everyone has widened. Restaurants, discos and bars are doing excellent business.

Eating out in Leeds has always been excellent. At Nash's fish restaurant just across the road from the Grand Theatre you can sample a huge portion of such haddock as never passed out to the country, to spots like Ilkley, the little moorland town that Yorkshiremen sing about. As one Leeds citizen put it: "I'm not knocking Leeds when I say it's a lovely town to get out of. That's one of the things that makes it worth living here."

was given three pages in a Sunday colour magazine recently and a spot on BBC Television's Blue Peter.

But when the sun shines the real attraction in Leeds is that fast train from the City station out to the country, to spots like Ilkley, the little moorland town that Yorkshiremen sing about. As one Leeds citizen put it: "I'm not knocking Leeds when I say it's a lovely town to get out of. That's one of the things that makes it worth living here."



A familiar scene for the last decade as thousands of old houses in Leeds have been torn down.

Looking to the future

IT IS IMPOSSIBLE to look at the future of Leeds without considering the rest of West Yorkshire. The huge new county—one of the biggest metropolitan counties in the U.K.—is an area of towns closely associated. For this reason businessmen calling on customers always look on Leeds as an ideal trip—they are likely to have customers to see in Bradford, Halifax and Huddersfield. A round tour that can be done between mid morning and late afternoon.

The close links between the centres is nowhere more noticeable than in the relations between Leeds and Bradford. Bradford and the towns nearby have spun and manufactured top-quality wool and worsted cloth for many years and Leeds, with its great clothing manufacturing industry, has been a traditional doorstep market for the products of the mills of Bradford and Huddersfield.

And though nowadays you are more likely to see a Huddersfield worsted suit going for £300 in a Tokyo department store than in a multiple tailor's shop in Boar Lane, Leeds, the links between the centres are still close.

In giving its views on the West Yorkshire Structure Plan, Leeds Chamber of Commerce recognises these close links. "West Yorkshire is faced with the aftermath of the Industrial Revolution at a time when it also has to deal with structural unemployment in textiles, clothing and mining. The numbers employed in all three industries are declining through the development of the Selby coalfield, and the investment in the wool textile industry will help to lessen that decline." It also welcomes signs of a new attitude to modernisation in the Leeds clothing industry.

Doubts

The report goes on to emphasise the need to improve industrial dereliction throughout the county, to improve the environment and introduce new amenities, but looking at the present economic situation, the Chamber doubts that public money will be available for these objects.

During the next few years, it believes, public expenditure will continue to be kept down and the county council's ability to alter the course of events will be limited. "Equally any solution which seeks to restrain growth will not provide the finance to the county council to meet even limited objectives."

Although at times Leeds businessmen seem only concerned with their own city, it is not so. They have taken a firm stand on any plan to severely cut Leeds's share of new office building, but this is to build Pudsey-Dishforth because they feel Leeds is the natural regional centre. They accept that the prosperity of

the neighbouring towns must be assured—that a prosperous Leeds with constant depression in the smaller centres would put a pressure on jobs in the larger city that even such a diverse manufacturing pattern could not satisfy.

At one time, and not so many years ago, this was no problem. Bradford people worked in Bradford, and Leeds was a place to go for a naughty night out or to watch Leeds United. The introduction of the quick diesel train service in the 1950s brought a lot of Bradford people to work in Leeds where pay tended to be higher. Now there is much more cross-commuting between the centres, but in West Yorkshire, with its fierce local loyalties, people still prefer to work in their own town if the jobs are there.

Strategy

The Chamber of Commerce believes that the county council should call for the abandonment of industrial development certificates in assisted areas. "While the granting of IDCs has never been a major problem in West Yorkshire, there are undoubtedly cases of firms being persuaded to go elsewhere before they even make an application for a certificate and there is considerable steering... towards Huddersfield."

The report adds that Government industrial strategy is moving to a sectoral approach identifying the shortcomings of individual industries. "If that strategy is to mean anything geographical distinction in the form of IDCs ought to be withdrawn at least within the assisted areas."

The Chamber calls for a reduction in the industrial rent burden—which along with other taxes, is one of the reasons manufacturing industry in the U.K. has performed badly at the side of our foreign competitors.

In a brief word on shopping facilities, which it says it prefers to leave to the local chamber of trade, the Chamber of Commerce recognises the difficulties created by hypermarkets and the effect they can have on shopping facilities over a large area. "We would be opposed to the granting of planning permission to a hypermarket in a suburban area or one which was close to a town or city, but could not argue against the provision of a hypermarket site in a totally greenfield area equidistant from a number of cities."

The row that raged recently over the Aire Dale Motorway—that stormy inquiry was held at Shipley, in West Yorkshire, and only a few miles from Leeds—surprised the planners. And in the light of growing conservationist Power in the area of highway planning, the Chamber has some interesting remarks to make.

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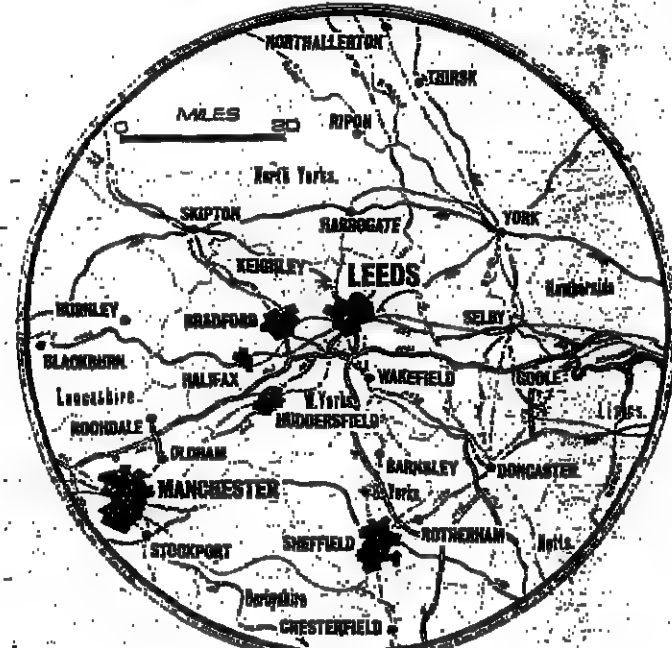
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for foreign spenders. It is veteran comedian or variety's another sign that old industrial golden days. Nat Jacoby, at the centres like Leeds are suddenly. Leeds has a fine theatrical potential—and are, looking tradition. Though it lost two around for ways to all those theatres in the 1950s, the hundreds of empty seats bed Theatre Royal and the Empire, rooms at week-ends when the future of its existing ones directors and salesmen and TV are assured with the lease of stars filming a northern soap the Grand now held by the local opera, have gone back to London.

Leeds business organisations outside as the home of BBC and the city council have plans to boost tourist trade. They are not taking the Rotherham line—Rotherham invited 'holl' of opera was a sellout and the daymakers to come and spend theatre reports good advance a few days looking at "indus- bookings for its pantomime trial archaeology—old mills starring Harry Worth in spite and pit sites, to put it more of competition from the City and hintily. Leeds is plugging the Varieties which is billing

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FINANCIAL TIMES SURVEY

Friday, December, 3 1976.

Trade with China

Prospects of a more active role by China in world trade seem to have brightened since the formation of the new government under Chairman Hua Kuo-feng. This is welcome news for the major trading nations, which have for years eyed the enormous potential of this market with some longing.

New regime looks outward

by Colina MacDougall

HIS HAS been a traumatic year for China. It has marked the end of the old order and the uncertain threshold of the new. In the past 11 months the giants of the Chinese Communist Party, Chairman Mao Zedong and Premier Zhou Enlai, left the scene for ever. China's suture and sedate capital, Peking, was the scene of a violent demonstration in the spring when the crowd burned churches and sacked a Government building.

The political pendulum swung violently back and forth. Chairman Mao's heir apparent of last year, Vice-Premier Teng Hsiao-ping, was overthrown. Most startling of all reversals, after Chairman Mao's death in October his wife Jiang Qing and her assistants were arrested by the new leader, Hua Kuo-feng. Among these arrests came a disastrous earthquake (many in China speak in January last year) to must have thought it a portent of which 100,000 died and vital socialist country with a modern

factories and mines were destroyed. The new Chairman and Premier, Hua Kuo-feng, was unknown outside his province five years ago and only began to make an obvious mark on national politics last year. What kind of Government he will run is not yet clear. He retains a great deal of power in his own hands, and he has an obvious understanding with the army. Perhaps the political dramas are not over yet.

But Hua certainly seems to have put into reverse the radical policies of permanent revolution and rejection of foreign technology which have dominated the Press since he took office a few days after he took office. He announced that China would "resume and expand" its trade links with other countries. Last week, in a forceful People's Daily article, the leadership made a detailed defence of the policy of importing foreign technology. It called it highly beneficial to China and dismissed it by calling it Chairman Mao's plan.

Hurry

To-day China gives the impression of a nation in a hurry. There have been two nuclear tests since Chairman Hua took over. Marx is approvingly quoted as the effect that "a nation will perish if it stops working even for a few weeks, let alone a whole year." The streets are advanced technology and the very words of Premier Zhou's earthquake (many in China speak in January last year) to must have thought it a portent of which 100,000 died and vital socialist country with a modern

mixed agriculture, industry, national defence and science and technology before the end of the century have been echoed and re-echoed. Perhaps more important, the plan has been attributed to Chairman Mao, significant in view of the fact that it disappeared from the scene during the radical interregnum.

The first step in Premier Zhou's grand strategy was to be the fifth five-year plan, which was due to begin last January. The political upheavals seem to have delayed it, and though it may now be under way, no information has been published. What seemed likely to be one of its most important features, the agricultural mechanisation programme, has again become a topic of regular news after its apparent banishment by the radicals.

Agriculture is the biggest problem of the Chinese economy, since output has been rising only slowly in recent years. There is some doubt that even the extra-fertiliser from the foreign plants now being built in China will make much difference to grain output. Many crops, some experts believe, already receive the optimum amount of nutrient from traditional manures.

More earth-moving machinery, tractors and the like seem a possible realm for investment as a result. Up till now Peking has largely relied on its own efforts in this field, but last year the Chinese bought some farm equipment from the U.S., looked at more this year, and told European traders as well that they were interested.

Otherwise the five-year plan

TRADING PARTNERS				
	Exports (to) to China		Imports (cif) from China	
	1975	1976 (Jan- June)	1975	1976 (Jan- June)
Belgium/				
Luxembourg	47	30	45	27
Denmark	22	9	22	12
West Germany	523	338	223	129
France	373	201	174	100
Ireland			3	2
Italy	145	74	129	76
Netherlands	134	31	81	42
U.K.	178	81	132	77
Austria	30	8	13	9
Finland	15	14	23	5
Greece	2		1	3
Iceland	11			
Norway	106	17	8	4
Portugal			1	
Spain	23	11	34	29
Sweden	42	17	47	23
Switzerland	57	31	31	19
Turkey	3	2	22	1
Canada*	371	112	35	37
U.S.*	304	120	171	99
Japan	2,258	1,061	1,529	603
Australia*	326	141	86	46
New Zealand	13	3	13	7
TOTAL OECD	4,986	2,427	2,843	1,249
Hong Kong	34	12	1,372	732
Singapore	40	13	273	126

* Less than \$500,000. † Imports feb.

* Less than \$500,000. † Imports Feb. Sources: OECD figures and partner country statistics.

seems likely to continue building on the foundations Peking has already laid down. That means steel, fuels, chemicals, and ancillary equipment for transport and communications plant as well as oil drilling and exploration gear, especially for

the offshore industry. Certain kinds of electronics, radio and TV equipment and computers also seem likely to figure.

The foreign contribution is still likely to be small in volume compared with the total Chinese construction. Yet it will continue to be worth far more than its size or even its cash value suggests because of the technology content. The Chinese can move straight into the 1970s when they buy a complete plant from the 1930s (or even 1920s) level of most of their other industry. They learn a great deal from the foreign equipment they buy, and the training their engineers are now receiving as part of the deals is priceless.

This policy came under withering fire from the radicals, particularly where the payment was derived from the export of China's raw materials. It must have been a difficult policy for the moderates to defend since in the past three years China has been short of foreign exchange. After the dismissal of Vice-Premier Teng in April, the radicals seem to have been able to overturn it, since despite several deals with West Germany and Japan before that, no further agreements were made on others already under discussion.

Disentangling the political from the economic motives in the trade policy is extremely difficult. China in any case would have had to cut back on purchases, as it has done, because of its growing deficit. As for the sale of raw materials, China's oil exports seem to have been a field where radical policy and economic considerations

were inextricably intertwined. In negotiations this spring the Japanese were ostensibly hoping to make a long-term oil agreement and also to buy more than last year, but neither wish came to fruition.

How far the Chinese did not want to sell because of radical influence or because, as Vice-Premier Li Hsien-shan said, their domestic needs were expected to rise fast is not clear. Nor is it certain that the Japanese really wanted to buy, since the waxiness and high heavy oil fraction of Chinese crude makes it undesirable in Japan. In the event, no long-term agreement was signed. The total amount of oil agreed for sale this year is only 6.8m. tons compared to the 7.9m. tons purchased by Japan last year. It is difficult to see what other exports the Chinese could increase quickly. A high proportion of their sales consist of agriculture-based products, and it is not easy to boost these rapidly. At the last Canton Fair the demand for Chinese products was strong but there were simply not enough to go round.

Limited

Perhaps the Chinese will try more barter deals, like the coal-for-mining machinery one discussed last winter with West Germany. In the new climate in Peking, this might surface again. A drastic change in China's borrowing policy, at present limited to the acceptance of deposits from foreign banks and the use of the deferred payments system on some purchases, seems very unlikely. Until these difficulties are solved, many intractable problems.

China's imports are not likely to increase very much.

Half-year figures for partner countries' trade with China during 1976 suggest that the value will not be much above the level of the past two years. That was around U.S.\$14bn. Within that amount, though, the pattern has changed a great deal. The 1974 deficit of about \$1.3bn. on convertible currency trade was reduced to about \$700m. last year, and that will probably fall further this year as Chinese exports slowly rise.

The composition and the source of China's imports have also altered. Three years ago it was buying more grain than ever before, 7.6m. tons in 1973 and 7m. in 1974. Purchases dropped to 3.5m. tons in 1975 and will probably be 2.5m. this year. In the first half of 1976 the Chinese reduced their deficits with the major grain exporters (Australia, Canada and the U.S.) to under \$200m. compared with nearly \$700m. in the whole of 1975.

Europe has been the beneficiary of this. Its share of China's imports rose from a quarter in nearly a third last year. Half-year figures for 1976 show it at nearly 40 per cent. But it remains to be seen whether Chairman Hua can continue the concentration on purchases of machinery to the near exclusion of food. With successful agricultural mechanisation, reasonable harvests and modest incentives to the peasants, the policy might work. If not, hunger in Shanghai and other mighty cities of the East would prove the worst of his these difficulties are solved, many intractable problems.

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TRADE WITH CHINA II

Hong Kong, Singapore are big outlets

WITHOUT Hong Kong, and to a lesser extent Singapore and Malaysia, China's foreign currency balance would be even further in the red than it is. Last year Hong Kong contributed a staggering \$1.3bn. to Peking as the balance on its trade. Singapore added another \$233m. and Malaysia \$100m. On top of this went at least another \$300m. earnings from China's numerous and growing enterprises in the British-ruled territory.

Insurance

The dependence is mutual. For Hong Kong, living on the doorstep of what is literally its big brother, this has always been an insurance policy. Residents of the colony are remarkably unconcerned about its truly enormous imbalance of trade with China. Last year China supplied Hong Kong with 85 per cent. of its pigs, 43 per cent. of its live poultry, 48 per cent. of its fresh vegetables, 55 per cent. of its rice and 90 per cent. of its freshwater fish. This year imports from China seem likely to exceed last year's by another \$100m. or so, yet another golden egg from the prosperous capitalist goose.

Hong Kong is a completely irreplaceable element in China's trade. Fresh food items, which probably constitute about half China's exports, are simply not saleable elsewhere. The logistics of export to Hong Kong are simple, too, with none of the fiddly regulations which affect, for instance, shipment to the U.S. Livestock and vegetables are easily despatched by train, ship or even where appropriate, on the hoof.

The whole process only takes a few hours; cabbages barely wilt and pigs lose little weight. South China has been supplying

Hong Kong almost since settlement there first began. Although refrigeration and more sophisticated methods of transport have introduced a few refinements the process is still basically the same.

As Hong Kong's population has grown and prospered, the trade has expanded. Since the advent of a Communist Government in China, the system has tightened up, so that political pressures can be exerted through the marketing network.

But in periods of good relations—which in fact covers the past 27 years, with awkward patches only during the 1966-69 Cultural Revolution—it has worked well. About half China's exports to the colony consists of textile items, much of them for processing and shipment elsewhere. In times of world recession these normally face a decline, but as this year Hong Kong's exports are 56 per cent. up on 1975, China must be doing very well.

One new item has recently entered the trade. Last year China began to ship noticeable quantities of oil products to Hong Kong. Already 6 per cent. of the total, this could in due course become very big business, particularly as the Chinese have now brought a storage depot in the New Territories.

Already they have taken over more than half the kerosene market. Last year they had nearly half the colony's diesel market, though they have now slipped back behind Singapore. Quantities for 1976 do not seem likely to exceed last year's by much, perhaps because of political pressures in China against the export of raw materials.

Peking's other money-making activities in Hong Kong seem to be expanding fast. One recent estimate puts its offshore at a minimum of \$300m. a year. The importance of its banking sector is growing as it makes a point of attracting deposits. As its export trade increases, so do all the ancillary services—warehousing, transport, insurance, shipping and even retail.

Presumably as Hong Kong grows more affluent, the remittances from Chinese in the colony to their families in China also rise, though this may be offset by the loosening of bonds as the older generation dies off.

But Peking is looking for new ventures; recently it bought a site for a machine tool and equipment plant where it plans to make cement and sugar refining gear for export to South East Asia.

The attitude of the Hong Kong Government to the Chinese has always been strictly pragmatic. The rules of the game are well understood by both sides and both are careful not to infringe them. Since the Cultural Revolution, relations between the British "authorities"—the Chinese do not call it a Government—and the semi-official Chinese presence have grown considerably more cordial than they were in the 1950s and 1960s. Peking representatives now attend the

enormous traditional Queen's Birthday garden party, while recently the Governor paid a formal visit to the local headquarters of the Peking presence to mourn Chairman Mao's death.

Mixture

Singapore's situation is very different. As an independent State geographically separated from China, it has been a feasible proposition to sever the cultural and filial bonds that join most of its people to the Middle Kingdom. Its population, though predominantly Chinese, is a mixture of races, and its contacts with China are very much less than Hong Kong's. Unlike Hong Kong, which actively seeks to keep the

which actively seeks to keep the Birthday garden party, while recently the Governor paid a formal visit to the local headquarters of the Peking presence to mourn Chairman Mao's death.

When Prime Minister Lee Kuan Yew visited Peking this summer he stressed the separateness of Singapore by speaking entirely in English (though if he had spoken in Mandarin at the banquet in his honour he would have been more easily understood by the Chinese present than his provincial-born host, Premier Hua Kuo-feng).

Mr. Lee's visit was one in a series by leaders of the ASEAN (Association of South-East Asian Nations) countries to not wish to alarm Indonesia, whose relations with China have



The border crossing at Lo Wu between China and Hong Kong, which last year took \$1.3bn. of the Republic's products.

drawn from the region, they would need to rationalise their attitudes to Peking. He had been preceded by missions from Malaysia, the Philippines and Thailand, all of which led to the setting up of diplomatic relations.

But Singapore held back from this step, mainly because it did not wish to alarm Indonesia, whose relations with China have

been frigid ever since they were ruptured in 1965. Mr. Lee's most important achievement of the trip was to get Premier Hua to put on record his agreement not to intervene in Singapore's internal affairs, thus undermining Singapore's troublesome Left wing.

In general, lack of diplomatic relations has not hampered trade. The mechanisms for Chinese exports have existed for years. There are Chinese banks and insurance companies, and supervise the island State has imported food and light industrial consumer items like plastic ware and clothing for a long time. But the traffic in the other direction is small, and where Mr. Lee's visit may have helped is in stimulating Chinese interest in Singapore shipyards and oil expertise and Hong Kong industry. During his visit to Peking the Chinese reportedly agreed to buy 20,000 trucks.

So far Singapore's sales to China consist almost entirely of crude rubber (\$10m. out of a total of \$17m. so far this year). Much of the rest is made up by postal packets, sent presumably

by Singapore Chinese to the relative back home. But Singapore becomes more a centre for the East Asian offshore oil industry. It has growing experience in offering Peking. A mission to China visited Singapore in winter to look at shipping, though this was not altogether a success. It placed an order with a "fraternal" company it did not have the necessary expertise and engineers from China had to be brought out to supervise.

Obviously the Chinese communities living beyond China's borders make a substantial contribution to Peking's economic health. In due course this may evolve towards providing technology as well as hard cash. Singapore has a future in its general manufacturing ability and trade experience which Peking is beginning to use more fully. If China continues along the pragmatic path both territories could evolve a new kind of economic relationship.

Colina MacDonnell

Lingering obstacles to U.S. exchanges

DR. KISSINGER's pursuit of détente with Russia and the long-drawn-out electoral process in the U.S. has meant an extended pause in the growth of U.S.-China relations. But with new governments now in both Peking and Washington this may change in the New Year.

Whether President-elect Carter will respond to pressures to abrogate the U.S. defence treaty with Taiwan, as he will have to before relations with Peking can be "normalised," remains to be seen. At present the Chinese say they are much more concerned with the threat, as they see it, from the Soviet Union than they are with their differences with Washington.

Nevertheless, the U.S. has been preparing itself for recognition of Peking. Congress has voted enough funds for Taiwan to build up its own defences. It is an indication of the Chinese

desire to maintain good relations with the U.S. that they have waited patiently through these manoeuvres for a suitable moment to reopen negotiations.

Naturally, U.S. firms are hoping that when diplomatic relations with Taiwan are broken, commercial ties may remain. U.S. trade with Taiwan last year was \$3.5bn., compared to \$475m. with China. Japan succeeds in running trade with both Chinas, and so do other countries. A good deal depends on the tact with which it is done.

Unfortunately, the obvious drive by the Taiwan lobby in the U.S. has caused some embarrassment. Unipac Carbide, which joined the new "U.S.A.-Republic of China Economic Council," inaugurated to look after Taiwan interests, was left off a delegation sent by U.S. chemical companies to China. Chinese officials gave as the reason its membership of the

new council. This kind of guerrilla warfare seems likely to continue until Peking feels confident enough to turn a blind eye.

Recently the performance of Sino-U.S. trade has not been spectacular. It is still on the way down from its 1974 peak of \$934m. It seems unlikely to exceed about \$440m. this year. The trade is still surprisingly ad hoc. No real pattern has yet emerged in the four years it has existed.

Emergency

Possibly this is related to the political situation between the two countries: more likely it has resulted from China's own economic problems in the past few years. The U.S. seems to have taken on the role of emergency supplier, originally of grain and soybeans (\$374m. in 1974), then of cotton (\$219m. in 1974 and 1975), and last year and this, of aluminium (together so far \$65m.).

The return trade has been equally variable, from minimal amounts China pushed up its sales of tin (\$40m.) and textiles (\$30m.) last year, but has dropped them almost completely now.

This year U.S. exports have diversified much more into industrial equipment (much of it for the eight Kellogg ammonia plants at present being built in China) but one may wonder what will come next when these deliveries are finished.

Trading is certainly more difficult without diplomatic relations. Although the U.S. would like to put on a major exhibition in Peking to stimulate sales, this is unlikely to be possible until the countries are on a proper diplomatic footing. Given the time required to organise that kind of show, it is not likely to take place before the end of 1978 or even 1979. In the meantime, several Chinese delegations have visited the U.S. The most important was probably the agricultural machinery group which could well have purchases seriously in mind.

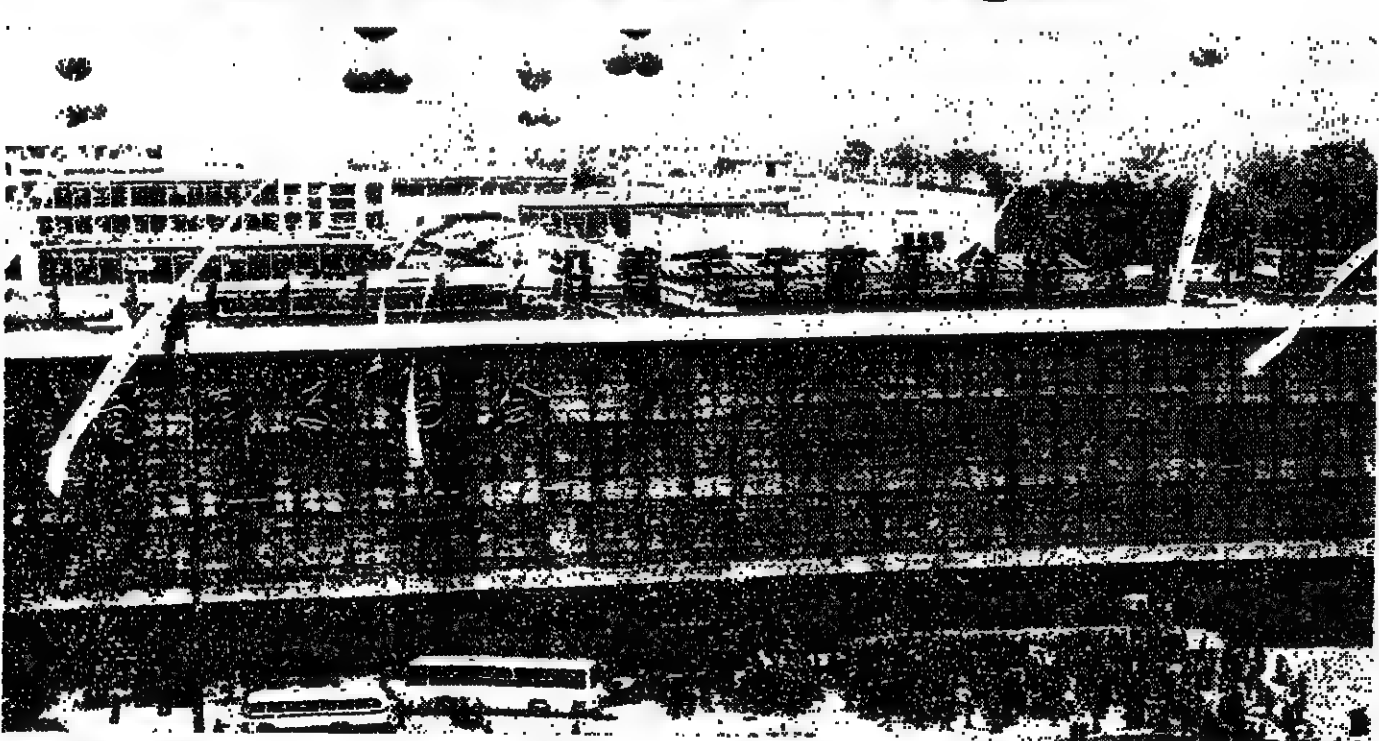
A reciprocal Chinese exhibition in the U.S. cannot be held until the "claims/frozen assets" problem is solved. The claims are those arising from the seizure of American property in China after 1949; and the frozen assets are the Chinese funds held in the U.S. since that time. They amount to \$200m. and \$80m. respectively. In the meantime, Sino-U.S. trade has to be handled through third country banks which, as one businessman pointed out, multiplies several times over the paperwork as well as the chances of mistakes and delays.

However, when the president of the National Council for U.S.-China Trade visited Peking last summer, he was told that it would not be necessary to wait for "normalisation" of relations to solve the claims/assets problem, and that once solved ordinary banking ties could be instituted. This was a hopeful sign.

In spite of the difficulties, the U.S. has one factor on its side. Its trade with China has come almost into balance, and its imports are showing a healthy rise. This is surprising considering the difficulties they face. Imports from China attract a tariff that averages about 24 per cent. compared to the 8 per cent. or so that goods from countries that benefit from most-favoured-nation treatment are assessed at.

Undoubtedly this is a matter the Chinese will want to review

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TRADE WITH CHINA III

Japan still No. 1 supplier but trade is down

THIS YEAR has been the least the year to be expected, China was concerned about its imbalance with Japan. The Japanese steel industry, for which China is normally the second largest export market, claims that political upheavals in Peking interfered with its spring series of negotiations with the Chinese and resulted in China buying only 800,000 tons of steel during the first half of the year instead of the 1.2m. tons which would have been normal.

The Japanese steel industry, for which China is normally the second largest export market, claims that political upheavals in Peking interfered with its spring series of negotiations with the Chinese and resulted in China buying only 800,000 tons of steel during the first half of the year instead of the 1.2m. tons which would have been normal.

By contrast, for a thing to do with China's own Ching Ching radical group hindered trade with Japan by opposing the chartering of ships (which the radicals called "fawning on foreign ship-owners") by insisting that inland transport should be used for carrying people instead of goods and by opposing the export of raw materials to earn foreign exchange for the import of manufactured goods.

The removal of the radicals should have eliminated these problems—which should mean in turn that an improvement in Japan's exports to China can be expected in due course. Some Japanese sources anticipate that the upturn could start to be noticeable by around the middle of next year (although the Japanese steel industry is already almost back to "normal" with this autumn's Chinese steel orders and estimated Japanese sales at the autumn Canton Fair of around \$100m. against the spring figure of \$78m.

opposing the chartering of ships (which the radicals called "fawning on foreign ship-owners") by insisting that inland transport should be used for carrying people instead of goods and by opposing the export of raw materials to earn foreign exchange for the import of manufactured goods.

Talk about an "upturn" or "a return to normal" in Sino-Japanese relations leaves out of account, however, the second factor in the situation—China's apparent concern at the over-concentration of its trade with Japan and the large imbalance it has run in some recent years.

The Chinese have apparently stressed their concern about the imbalance in recent talks with the Japanese, although there has been no explicit admission from Peking that the imbalance was a reason for deliberately cutting back on Japanese imports. The figures for China's trade with Europe, which show a remarkable increase in imports this year from several EEC countries, would seem to underline the point that Japan's problems with China this year have not been solely due to political problems inside China.

China and Japan appear to agree that the way to eliminate the trade imbalance is for Japan to import more from China. One way of doing this would be to step up Japanese imports of Chinese oil, but there are snags about this which could take time to sort out. China is believed to have stated that it could supply Japan with 15m. tons of crude oil a year, or rather more than double the present amount. Japan, however, can only use this quantity of oil if its domestic refining industry makes costly investments in plant which would be needed to deal with some of the special peculiarities of Chinese crude.

The Japanese are unwilling to do this until they have convinced themselves that China will be a reliable and consistent supplier — something which there may be some reluctance to assume in the immediate aftermath of this year's Chinese political upheavals. Apart from that, the Japanese economy itself will have to recover fully from the recent two-year recession before the refinery industry feels able to fund the necessary investments.

Apart from oil, Chinese coking coal is a subject of strong interest to the Japanese steel industry (which is worried about the world-wide availability of this commodity). The Japanese believe, however, that it will be years before China can develop its mining industry sufficiently to have a major export surplus. Thus coal cannot be relied upon to make an immediate impact on the trade problem between the two countries.

This leaves Chinese agricultural products (including soybeans) which the Japanese would like to import in larger quantities and which the Chinese may be willing to supply. The prospect for early recovery in Sino-Japanese trade relations next year could thus depend rather heavily on the ability of China to step up its farm exports.

Charles Smith
Far East Editor



Pickers in the tea gardens—a traditional sector of Chinese agriculture.

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Useful barter with the Soviet bloc

DESPITE the bitter insults that the Chinese hurl at the Soviet bloc, they find their mutual trade surprisingly useful. Although China buys its most advanced technology from the West, it gets a large amount of heavy industrial equipment from the fraternal countries. For this it pays in kind. This is a great economic relief as it has been extremely short of convertible currency for the past three or four years.

Under what are virtually barter arrangements, it exchanges agricultural products and minerals for raw materials for really quite useful aircraft parts, trucks, machine tools and ships. Recently it was reported buying Polish helicopters and seeking 500 Hungarian trucks.

TRADE WITH OTHER COMMUNIST COUNTRIES (\$m.)						
	Exports	Imports	Balance	Exports	Imports	Balance
Total (estimates)	1,380	970	+390*	1,430	1,010	+420*
of which						
Romania	220	220	—	180	165	+15
Soviet Union	140	140	—	140	145	-5
East Germany	85	85	+10	80	75	+5
Czechoslovakia	95	72	+23	50	55	-5
Poland	80	42	+38	64	44	+20
Hungary	24	15	+9	30	30	—
Yugoslavia	20	10	+10	30	120	-90
Bulgaria	10	13	-3	10	10	—

*Includes sizeable Chinese surpluses with Albania and Asian Communist countries. Source: Current Scene, September, 1976.

In terms of actual money the trade does not seem large. Last year it was only a sixth of China's world total of \$140bn. That, however, was 24 per cent above the previous year's. But until last year many of the commodities were undervalued because of the fixed price system which had operated since 1958. Under this, prices stayed at the level at which a commodity had first entered the bilateral trade. The automatic use of this price in subsequent years facilitated quick agreement on individual contracts, but meant that some prices had not changed for nearly 20 years. The Chinese asked last year that prices should be calculated at international market levels, which means that inflation has now begun to affect the figures.

In reality the volume of China's trade with the Soviet Union last year may have declined.

In fact the actual figures are only a rough guide to the motives and 250 machine tools, ships, last year fell away almost

amount of trade. One unofficial report from the Soviet Union says that trade with China is worth about \$600m, a very different sum from the \$280m. reported for last year. In the first quarter of 1976, the published figure was \$170m, which may be getting somewhere nearer reality.

Romania is China's largest Communist trading partner. This reflects the good relations between the two countries, increased trade by 23 per cent, though these may perhaps reflect the Comecon fold. Czechoslovakia's exchanges rose owing partly to the new element of inflation, trade last year jumped 28 per cent over 1974, including a \$70m. oil-for-fertiliser swap.

The bilateral trade agreement provided for Romania to supply machine tools, forklifts, excavators and electrical machinery. Yugoslavia's trade, boosted in 1974 by spectacular sales of petroleum exploration equipment, twenty 2,100 h.p. locomotives and 250 machine tools, ships, last year fell away almost

to the level of Bulgaria's, which year it was only a sixth of China's world total of \$140bn. That, however, was 24 per cent above the previous year's. But until last year many of the commodities were undervalued because of the fixed price system which had operated since 1958. Under this, prices stayed at the level at which a commodity had first entered the bilateral trade. The automatic use of this price in subsequent years facilitated quick agreement on individual contracts, but meant that some prices had not changed for nearly 20 years. The Chinese asked last year that prices should be calculated at international market levels, which means that inflation has now begun to affect the figures.

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Who does business with China?



William Jardine. Born Lochmaben Dumfries, Scotland, 26th February, 1784; died London, 27th February, 1843.

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Enquiries should be addressed to China Trading Division, Jardine, Matheson & Co., Ltd., 29th Floor, World Trade Centre, Causeway Bay, Hong Kong, or Matheson & Co., Ltd., Matheson House, 142 Minorities, London EC3 9AQ.

Lingering

CONTINUED FROM PREVIOUS PAGE

plant and technology in 1975, smoothly. The Americans were restricted to the vicinity of the Kellogg sites in China, but appear to have fraternised to some degree with the locals. There were no unfortunate incidents such as occurred on British sites in China in the early stages of the Cultural Revolution.

The Chinese teams who went to Houston for training at the Kellogg establishment there supervised erection and start-up of the plant and thus own cooking in residential areas to have worked out hotels and emerging occasion-

ally to play ping-pong with passing students.

The U.S. has much to offer China in the way of technology, particularly in offshore oil, heavy construction machinery, heavy farm equipment, trucks, petrochemicals and computers. In the long run, if the political problems between the two countries can be satisfactorily resolved, more fruitful operation could probably be built on the Kellogg experience.

At present the Chinese reason that East European machinery is over-priced because it is less advanced and less efficient than comparable Western models, while the East Europeans say that Chinese rice is too expensive. Since the Chinese proposed the new system, they are sure to think that they will profit from it. With their developed trading sense, they could well be right. While they are unlikely ever to switch much more of their trade towards Eastern Europe, they are probably getting their money's worth out of what there

C. M.

C. M.

TRADE WITH CHINA IV

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CHINA AS A SOURCE OF SUPPLY

Fifteen specialists from companies highly experienced in Britain's import trade from China will form panels dealing with China's export practice: Business procedure; Canton Fair, missions and visiting groups, at a One-day Seminar on Wednesday, 8 December, 1976 (10.00-4.30) Beaver Hall, Garrick Hill, London, EC4A. Organised by the Forty-Eight Group of British Traders with China, 25 Bedford Row, WC1R 4HE. Phone: 01-405 2963 for details.

Europe a favourite partner

CHINA HAS not made quite the splash this year as it did last with its invitation to European leaders, though the EEC still remains a cornerstone of its effort to contain the spreading power of the Soviet Union. Instead this is going to be Europe's year for trade with China: exports have soared above last year's record, and even imports are up somewhat.

In 1975 Europe accounted for about a third of all China's purchases from the non-Communist world, compared to less than a quarter in 1974. The success story is the result of the huge purchases of steel and chemical plant the Chinese made in 1973 and 1974 which have been delivered over the past eighteen months. In the reorientation of China's trade which has accompanied reduced grain purchases, Europe has profited enormously.

The European countries have a particular usefulness for Peking. It can easily avoid becoming dependent on one nation by spreading its purchases around. Since its traumatic experience with the Soviet Union in 1960 when for political reasons Moscow halted all its aid and pulled its technicians out of China, Peking has liked to avoid the risks of that situation. And while the Chinese do not descend to anything as crude as playing one supplier off against another, they certainly inspect everything that is on offer.

Waiting

But Peking has been waiting a long time to start another round of buying. How far political and economic reasons are intermingled here nobody knows. But only West Germany with petrochemical plant contracts and Britain with its Rolls-Royce engine deal have anything fixed for the future. The general level of trade with China will drop noticeably if the pause lasts much longer.

But although this has been a quiet year for contracts, the Chinese have continued the hunt for technology. At present West Germany acts as host to about a hundred delegations a year (as many as Japan), while Britain and France each get fifteen or twenty. The traffic in the other direction is heavy but intermittent; recently the pressure has been for the Chinese to come to Europe.

Peking has adapted the exhibition idea very much to its own purposes. In the past few years all the large coun-

tries of Europe have held prestige exhibitions accompanied by films, lectures and symposia. These have been highly successful in the sense that European manufacturers were at last able to meet some of the end-users of their products (previously the only Chinese they ever met were officials of the trading organisations) while the Chinese got a huge bonus in the form of free technology. This year these big shows were followed up by smaller, much more specialised affairs like the Swedish packaging display or the British "48 Group's" exhibition of communications equipment.

The Chinese range of interests is enormous. They could be in the market for steel, coalmining, oil, transport, construction, engineering and light industrial equipment. Its offshore oil industry is only just beginning, and Chinese delegations have already looked at British, Dutch and Norwegian facilities. Mining remains extremely important, and in spite of previous large British sales of mining machinery China seems quite likely to come back for more. The Chinese steel industry is lagging, and may want more besides the German and Japanese mills now being built.

Aviation remains important, though with the Hawker Siddeley deal for 35 Trident and the Rolls-Royce Spey production line the Chinese may have

satisfied their actual aircraft needs for the present. But they have recently bought helicopters from the French and Germans, and came to the Farnborough Air Show to look at incidental equipment like ejector seats.

They have a large programme for modernising their ports, to which Britain has contributed with sales of cranes, while the railways (frequently in the news in political crises, as recently when Mme. Mao was accused of disrupting them) are greatly in need of improvement. Vehicles, construction equipment, agricultural machinery, measuring and precision instruments are all areas of potential trade where Europe is well equipped to operate.

West Germany is third in the league table of China's trading partners, behind Japan and Hong Kong. This year its exports have rocketed because of its deliveries of rolling mill equipment for the steel plant at Wuhan. France is some way behind, followed by Britain, whose aircraft and mining machinery deliveries have kept it up towards the top. Italy is close behind, however, and as it was recently favoured with a petrochemical technology purchase by Peking, may shortly pull ahead.

Britain suffers in competition with Europe from the Chinese insistence on fixed price contracts. With U.K. inflation running ahead of rates in Europe,

How China pays the import bills

THE CHINESE are still very conventional about how they pay for their imports. It is probably true that some are more liberal than others, in the sense that when the political atmosphere in Peking is relatively free, some senior officials in trade and banking may be able to influence policy on credits, bank loans and similar bourgeois practices.

Yet fundamentally, with recollections of financial disaster under the previous Nationalist Government, they probably would like to avoid them. But the desperate need to step up industrialisation after the Cultural Revolution made them necessary.

Economics and politics have been inextricably intertwined in Chinese affairs in the past five years. When the Chinese were forced to retreat in 1974

from their earlier adventurous buying policies, no one outside Peking's corridors of power could sort out how far it was the crashing world commodity prices or the manoeuvring of the radicals that was responsible.

The Chinese had done their sums right in 1973 and 1974 when they were buying complete plant from the West and Japan: what they had not foreseen was the slump in 1974 and after.

Peking was left with a \$1.3bn. deficit on its convertible currency trade in 1974. This may well have been ammunition for the radicals against Premier Chou En-lai and his faithful band of moderates. By stringent

ducing this to \$700m. last year. They will probably get it down a bit further this year. What nobody can tell at present is whether the removal of the radicals will mean there is less concern about a relatively small deficit. If so, buying could well resume.

In fact the trade figures are not a true picture of the situation. A good deal of the complete plant which has been delivered recently has been bought on five-year credit or "progress payments." However, it appears in the statistics because they show shipment, not payment. But payments on earlier purchases are now due, while China's heavy grain buying of 1973 and 1974 (which is on short-term credit) is now being paid for.

Effort

The Chinese have certainly become conscious of their problems. In recent years the Bank of China in London has extended its contacts and made its money work in a manner unheard of before. It lends, accepts deposits and deals in currencies. In Hong Kong the Communist-controlled banks keep their interest rates on deposits marginally above the others to attract more money. There is much more effort to maximise the offtake from investment in Hong Kong, now believed to exceed \$300m.

This has been accompanied by a push to keep in touch with commodity prices. In the 1960s Chinese goods were seriously undervalued; for instance prices of food sold to Hong Kong remained constant for years, thus allowing a phenomenal growth in real prosperity in the colony. But in the early 1970s Peking, realising the cost of its huge import programme, gradually brought its prices in line with the rest of the world.

To-day the foreign trade corporations try to keep in close

touch with commodity dealers abroad to stay up to date with prices. The policy now tends to be to ask rather too much, but this may reflect recent Chinese shortages.

At the end of 1973, with rising oil prices, falling commodity prices and a big import programme, it was China's own crude that looked like saving the day. Japan was panicking about its energy sources and China soon concluded a couple of deals for the sale of oil. Over-optimism and a desire to foster the Chinese connection caused the Japanese to predict that China would spend \$600m. on hundreds of millions of tons of oil yearly.

But after some months, owing to the recession, the Japanese storage tanks were bursting. Furthermore, the Chinese oil turned out to be highly viscous, with a low flashpoint and a high heavy oil fraction. Since then Chinese oil sales to Japan have lagged well behind expectations, and whether for political or economic reasons on Peking's part, the long-term agreement which was originally hoped for has not been concluded.

Minus large oil revenues and with policy leaning towards more purchases of complete plant, one wonders what measures Peking will take to finance it. Earlier this year it was reported to have sold 13-24 tons of gold and its total reserves are estimated to have dropped from about \$3bn. 18 months ago to \$1bn. now. Using gold and reserves was presumably an emergency measure, but it remains to be seen what longer term strategy Peking can evolve.

Any such strategy seems likely to involve oil. If OPEC prices rise, as they are expected to shortly, the Chinese will automatically be able to ask a higher price. With the radicals apparently removed from influence in Peking, the way is open for a long-term deal (always assuming the Chinese did not mean what they said when they told the Japanese they had lost interest because they were going to need most of the oil for their own purposes). With such a deal it is worth the while of the Japanese to adapt refineries to the special characteristics of Chinese oil.

In any case there are other customers for the oil. Thailand is offering a refinery to handle it. The Philippines is continuing to buy. Hong Kong last year looked like becoming an important customer for products, though this growth has now slowed down. Romania did a barter deal last year, taking oil for urea. Italy proposed a similar one this year involving oil for machinery, but this did not come to fruition.

China's oil production is at present around 80m. tons. It should reach 100m. by next year or the year after. While much depends on the general state of the Chinese economy and its investment plans, it could be producing 130m. by 1980, with perhaps 30m. available for export. Even at to-day's prices, that would earn getting on for \$3bn.

Even at half that, China would be covering its repayments due on projected purchases of plant and grain. Washington sources at present estimate these at about \$1.5bn. annually up till 1980, though this is almost certainly too high if China keeps its grain imports right down. These figures were calculated on a projected annual purchase by

China of 3.5m. tons of grain annually, whereas last year was 3.5m. and this year it is unlikely to exceed 2.5m.

Repayments on plant acquired about a quarter to a half this. The figure allows for plant purchases on deferred terms of about 30% of the cost of the plant, which of course may materialise. In 1975 the Chinese may not have been more than \$500m.—and this year so, perhaps only half that.

However, in the original calculations made in Washington on China's first round of buying in 1973-74, repayments were shown as peaking in the years 1976-78 at \$240-\$270 annually. The timing of the repayments may be compensating China's present difficulties.

Obviously a great deal of juggling must be going on. While China can estimate roughly what its ordinary imports are likely to be, the figure is uncertain because China does not know what the world energy picture will be like, and so what grain it will need to buy. New investment ventures in Hong Kong may work out, thus delaying the release of revenue from the source.

Still, the gap at present probably not large. It is probably covered by short-term borrowing through the bank system, and it is generally believed that if the Bank of China wanted medium-term funds, it would have no difficulty raising them. In those circumstances Peking could well resume a cautious programme of complete plant purchase to spur its economy.

The Trident success story

THE MOST celebrated and successful trade deal between Britain and the People's Republic of China in recent years has undoubtedly been the sale of Hawker Siddeley Trident airliners, an aircraft probably chosen for its technical superiority at the time.

The announcement of the first order in August 1971 was greeted with immediate optimism by the British aerospace industry, with suggestions of a growing relationship with China, but did not give a true impression of the long and highly technical negotiations which led up to it.

The first order, for six Trident 2E aircraft worth £20m., followed the purchase some time previously of second-hand Viscount and Trident airliners from Pakistan, but was the largest ever won from China by the British industry. It came just under a year after the Farnborough Air Show, which a Chinese delegation attended.

This resulted in an invitation from the Chinese authorities for Hawker Siddeley to send a sales team to Peking. There then followed one of the most intensive interrogations on technical matters which the team, including a Rolls-Royce representative, had ever experienced.

At that time the capabilities of Chinese engineers were largely unknown and the country was emerging from a period of isolation from international affairs, both commercial and diplomatic. The interest in the airliner was an important indication of changes to come and it was gratifying that Britain was in the forefront.

In retrospect, the company believes that its understanding of the market place was the most important factor in that and subsequent deals. Although a certain mystique was present, well established trading patterns existed in a slightly different form, such as centralised buying organisations with an unfamiliar format compared to those previously experienced. The well-known and traditional trading talents of the Chinese were also in evidence, and the company was impressed by their professionalism.

Hawker Siddeley had had some dealings with China previously, in a small contract for marine engines for dredgers, which had given a brief insight into the country. Similarly the Chinese had evidence that the company was a reasonable, experienced manufacturer. But patience was also important.

It was then thought that China was embarking upon a large scale expansion of its air services, both domestic and international, and that Hawker Siddeley could expect a substantial number of further orders, but this is shown with hindsight to have been over-optimistic. The third order, and

the most recent, came in December 1973, for a further 15 Trident 2Es, worth £25m. It brought the total ordered to (worth about £120m.) deliveries are now near completion.

It is well known that China wishes to become self-sufficient in aircraft technology and capable of achieving it quickly if necessary; it appears to be biding its time in this respect. Although partly for the aircraft was an order from China, like the Soviet Union and Eastern European countries, can only fund purchases by sales in the West. Its trade with the West remained roughly in balance and it seems likely that its intention is to maintain its status quo.

The completion of the various contracts has shown that China has great capability, not only technical terms but also financial expertise. It was evident that in contracts of this nature, with a large sales effort should be orchestrated by senior executives, or in this particular case, one extremely experienced executive.

Lorne Barrie

Trading with China?

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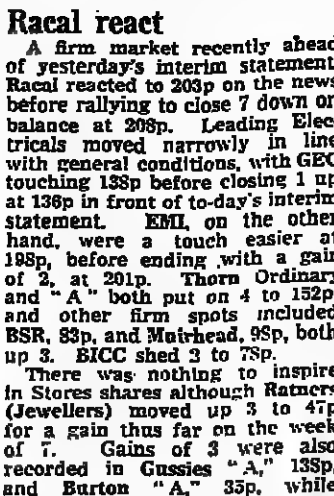
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صكنا من الامم

Equity leaders fluctuate narrowly in idle trading

Share index down 0.4 at 300.9—BP dip and rally

[illegible]

BH Stock regained 10 to 25¢
 and CFA recovered 20 to 25¢.
 GOM and GOMC continued
 after a former opening
 in like movement in the
 price, which was \$130.75,
 \$131.50 and \$131.15 per ounce.
 Randfontein continued to
 attract support, the shares
 another 20¢ to 25¢.
 of £232 in front of a
 dividend. Among the lower
 issues, East Driefontein closed
 at 125.50, and West Driefontein
 The Gold Mines index edged
 0.4 to 123.5.
 Rio Tinto-Zinc was a
 special in the zincs. The shares
 to 42¢, reflecting the 75¢
 full in the copper price.
 Fields improved 2 to 10¢
 and the zincs 10 to 20¢.
 Copper and Platinum remained
 but this were better, as
 changed. Malaysian and South

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

Thursday, December 2, 1976

FIXED INTEREST											1976				Consolidation			
		Thurs., Dec. 2	Wed. Nov. 30	Tuesday, Nov. 30	Monday, Nov. 29	Friday, Nov. 27	Thurs. Nov. 25	Wed. Nov. 24	Tuesday, Nov. 23	Year avg. (approx.)	1976		Consolidation					
		Index No.	Yield %								High	Low	High	Low				
1	Consols 2½% yield ...	15.06	15.06	15.16	15.04	15.02	15.02	15.01	15.00	14.95	—	—	—	—				
2	20-yr. Govt. Stocks (B) ...	44.26	44.58	44.88	44.18	44.41	44.43	44.59	44.50	44.83	45.97	45.45	45.31	45.42				
3	20-yr. Red. Deb. & Loans (15)	44.50	44.49	44.50	44.55	44.45	44.49	44.54	44.50	45.83	46.50	46.40	46.09	46.14				
4	Investment Trust Prefs. (15) ...	43.89	43.81	43.89	43.69	43.98	43.63	43.84	43.80	43.16	40.25	41.25	40.09	41.43				
5	Comm. and Indl. Prefs. (20) ...	60.62	61.89	60.66	60.68	60.50	60.53	60.32	60.32	65.90	65.60	65.60	65.60	65.60				
Section of Group		Share Indices	Share Values	Section of Group		Share Dates	Share Values	Share Indices is now available from the Publishers of the Financial Times.										
Finance Traders		12/12/76	158.08	Finance Traders		12/12/76	158.08	Barron's, McGraw-Hill, etc.										
Engineering (Heavy)		12/12/76	158.84	Engineering (Heavy)		12/12/76	158.84	The Financial Times, London.										
Engineering (General)		12/12/76	158.81	Engineering (General)		12/12/76	158.81	The Financial Times, London.										
Min. & Metals		12/12/76	158.78	Min. & Metals		12/12/76	158.78	The Financial Times, London.										
Textiles & Garments		12/12/76	158.72	Textiles & Garments		12/12/76	158.72	The Financial Times, London.										
Transportation Equipment		12/12/76	158.70	Transportation Equipment		12/12/76	158.70	The Financial Times, London.										
Industrial Group		12/12/76	158.68	Industrial Group		12/12/76	158.68	The Financial Times, London.										
Miscellaneous Financial		12/12/76	158.66	Miscellaneous Financial		12/12/76	158.66	The Financial Times, London.										
Fund Manufacturing		20/12/76	158.64	Fund Manufacturing		20/12/76	158.64	The Financial Times, London.										

BASE LENDING RATES

[illegible]

Bank of England Minimum Lending Rate 14½ per cent. (since November 19, 1976)	England Minimum Lending Rate, and bought a moderate number of Treasury bills and local authority bills from the houses.	Discount houses paid around 14½ per cent. for secured call money in the open market and clearing balances were taken at about 12-13½ per cent.	E. S. Schwab
Day-to-day credit was in short supply in the London money market yesterday and the authorities have a large amount of assistance. They lent a small amount overnight to one or two discount houses, at Bank of	Banks carried forward surplus balances from Wednesday, and a fall in the circulation was also in the market's favour. The rate was outweighted by a net market take-up of Treasury bills and the previous day's official figures.	In the interbank market overnight loans opened at 14½-14½ per cent. and declined to 14½-14½ per cent. before falling sharply at the close to 12½-13 per cent.	Security Trust Co. Ltd. Shenley Trust Co. Ltd. Standard Chartered Trade Development Twentieth Century United Bank of Kuwait Wahed Finance Williams & Glyn Yorkshire Bank
		Rates in the table below are	Members of the Accepting Committee

Local authority new finance houses seven days' notice, others seven days' fixed - Long term local authority mortgage
are nominally three years 15 per cent; four years 15.5 per cent; five years 15.5 per cent. 6 Bank bill rates in
are buying rates for prime. Buying rates for four-month bank bills 13.5-13.75 per cent; six-month bank bills 13.75-14
are 13.5-13.75 per cent; one-month Treasury bill 13.125-13.25 per cent; two-month 13.75 per cent; three-month 13.75
and three-month 14.25 per cent. American bank bills 14.125-14.25 per cent; one-month bank bills 14.125 per cent; two-month
14.25 per cent; three-month 14.25 per cent; one-month trade bill 14.25 per cent; two-month 14.25 per cent; and also
Finance House Rates published by the Finance Houses Association: 15 per cent. From December 1, 1978. Clearing Bank
rates for small sums of seven days' notice 14 per cent. Clearing Bank Base Rates for lending 14 per cent. Treasury
Averages tender rates of discount 14.85 per cent.

CORAL INDEX

INSURANCE

INSURANCE - BASE
RATES
Atlantic Assurance ... 14 1/2
Cannon Insurance 13 1/2
Address shown under Insurance
Property Bond Table.

include 5 premium, where
are in power unless otherwise
held % (shown in last column)
initial expenses. A offered price
expenses. A Today's price
on offer price. A Estimated
premium price. A Distribution fee
A offered price includes all
except agent's commission.
price includes all expenses
initial expenses. A Per one day's
on loan on realized capital gains
ated by % Guarantee said
single premium insurance
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Shorts (Lives up to 5 Years)

High	Low	Stock	Price	Yield	Div.	Yield
101.95	101.85	British Fund	101.90	10.50	10.50	10.50
101.85	101.75	British Fund	101.80	10.50	10.50	10.50
101.75	101.65	British Fund	101.70	10.50	10.50	10.50
101.65	101.55	British Fund	101.60	10.50	10.50	10.50
101.55	101.45	British Fund	101.50	10.50	10.50	10.50
101.45	101.35	British Fund	101.40	10.50	10.50	10.50
101.35	101.25	British Fund	101.30	10.50	10.50	10.50
101.25	101.15	British Fund	101.20	10.50	10.50	10.50
101.15	101.05	British Fund	101.10	10.50	10.50	10.50
101.05	100.95	British Fund	101.00	10.50	10.50	10.50
100.95	100.85	British Fund	100.90	10.50	10.50	10.50
100.85	100.75	British Fund	100.80	10.50	10.50	10.50
100.75	100.65	British Fund	100.70	10.50	10.50	10.50
100.65	100.55	British Fund	100.60	10.50	10.50	10.50
100.55	100.45	British Fund	100.50	10.50	10.50	10.50
100.45	100.35	British Fund	100.40	10.50	10.50	10.50
100.35	100.25	British Fund	100.30	10.50	10.50	10.50
100.25	100.15	British Fund	100.20	10.50	10.50	10.50
100.15	100.05	British Fund	100.10	10.50	10.50	10.50
100.05	99.95	British Fund	100.00	10.50	10.50	10.50
99.95	99.85	British Fund	99.90	10.50	10.50	10.50
99.85	99.75	British Fund	99.80	10.50	10.50	10.50
99.75	99.65	British Fund	99.70	10.50	10.50	10.50
99.65	99.55	British Fund	99.60	10.50	10.50	10.50
99.55	99.45	British Fund	99.50	10.50	10.50	10.50
99.45	99.35	British Fund	99.40	10.50	10.50	10.50
99.35	99.25	British Fund	99.30	10.50	10.50	10.50
99.25	99.15	British Fund	99.20	10.50	10.50	10.50
99.15	99.05	British Fund	99.10	10.50	10.50	10.50
99.05	98.95	British Fund	99.00	10.50	10.50	10.50
98.95	98.85	British Fund	98.90	10.50	10.50	10.50
98.85	98.75	British Fund	98.80	10.50	10.50	10.50
98.75	98.65	British Fund	98.70	10.50	10.50	10.50
98.65	98.55	British Fund	98.60	10.50	10.50	10.50
98.55	98.45	British Fund	98.50	10.50	10.50	10.50
98.45	98.35	British Fund	98.40	10.50	10.50	10.50
98.35	98.25	British Fund	98.30	10.50	10.50	10.50
98.25	98.15	British Fund	98.20	10.50	10.50	10.50
98.15	98.05	British Fund	98.10	10.50	10.50	10.50
98.05	97.95	British Fund	98.00	10.50	10.50	10.50
97.95	97.85	British Fund	97.90	10.50	10.50	10.50
97.85	97.75	British Fund	97.80	10.50	10.50	10.50
97.75	97.65	British Fund	97.70	10.50	10.50	10.50
97.65	97.55	British Fund	97.60	10.50	10.50	10.50
97.55	97.45	British Fund	97.50	10.50	10.50	10.50
97.45	97.35	British Fund	97.40	10.50	10.50	10.50
97.35	97.25	British Fund	97.30	10.50	10.50	10.50
97.25	97.15	British Fund	97.20	10.50	10.50	10.50
97.15	97.05	British Fund	97.10	10.50	10.50	10.50
97.05	96.95	British Fund	97.00	10.50	10.50	10.50
96.95	96.85	British Fund	96.90	10.50	10.50	10.50
96.85	96.75	British Fund	96.80	10.50	10.50	10.50
96.75	96.65	British Fund	96.70	10.50	10.50	10.50
96.65	96.55	British Fund	96.60	10.50	10.50	10.50
96.55	96.45	British Fund	96.50	10.50	10.50	10.50
96.45	96.35	British Fund	96.40	10.50	10.50	10.50
96.35	96.25	British Fund	96.30	10.50	10.50	10.50
96.25	96.15	British Fund	96.20	10.50	10.50	10.50
96.15	96.05	British Fund	96.10	10.50	10.50	10.50
96.05	95.95	British Fund	96.00	10.50	10.50	10.50
95.95	95.85	British Fund	95.90	10.50	10.50	10.50
95.85	95.75	British Fund	95.80	10.50	10.50	10.50
95.75	95.65	British Fund	95.70	10.50	10.50	10.50
95.65	95.55	British Fund	95.60	10.50	10.50	10.50
95.55	95.45	British Fund	95.50	10.50	10.50	10.50
95.45	95.35	British Fund	95.40	10.50	10.50	10.50
95.35	95.25	British Fund	95.30	10.50	10.50	10.50
95.25	95.15	British Fund	95.20	10.50	10.50	10.50
95.15	95.05	British Fund	95.10	10.50	10.50	10.50
95.05	94.95	British Fund	95.00	10.50	10.50	10.50
94.95	94.85	British Fund	94.90	10.50	10.50	10.50
94.85	94.75	British Fund	94.80	10.50	10.50	10.50
94.75	94.65	British Fund	94.70	10.50	10.50	10.50
94.65	94.55	British Fund	94.60	10.50	10.50	10.50
94.55	94.45	British Fund	94.50	10.50	10.50	10.50
94.45	94.35	British Fund	94.40	10.50	10.50	10.50
94.35	94.25	British Fund	94.30	10.50	10.50	10.50
94.25	94.15	British Fund	94.20	10.50	10.50	10.50
94.15	94.05	British Fund	94.10	10.50	10.50	10.50
94.05	93.95	British Fund	94.00	10.50	10.50	10.50
93.95	93.85	British Fund	93.90	10.50	10.50	10.50
93.85	93.75	British Fund	93.80	10.50	10.50	10.50
93.75	93.65	British Fund	93.70	10.50	10.50	10.50
93.65	93.55	British Fund	93.60	10.50	10.50	10.50
93.55	93.45	British Fund	93.50	10.50	10.50	10.50
93.45	93.35	British Fund	93.40	10.50	10.50	10.50
93.35	93.25	British Fund	93.30	10.50	10.50	10.50
93.25	93.15	British Fund	93.20	10.50	10.50	10.50
93.15	93.05	British Fund	93.10	10.50	10.50	10.50
93.05	92.95	British Fund	93.00	10.50	10.50	10.50
92.95	92.85	British Fund	92.90	10.50	10.50	10.50
92.85	92.75	British Fund	92.80	10.50	10.50	10.50
92.75	92.65	British Fund	92.70	10.50	10.50	10.50
92.65	92.55	British Fund	92.60	10.50	10.50	10.50
92.55	92.45	British Fund	92.50	10.50	10.50	10.50
92.45	92.35	British Fund	92.40	10.50	10.50	10.50
92.35	92.25	British Fund	92.30	10.50	10.50	10.50
92.25	92.15	British Fund	92.20	10.50	10.50	10.50
92.15	92.05	British Fund	92.10	10.50	10.50	10.50
92.05	91.95	British Fund	92.00	10.50	10.50	10.50
91.95	91.85	British Fund	91.90	10.50	10.50	10.50
91.85	91.75	British Fund	91.80	10.50	10.50	10.50
91.75	91.65	British Fund	91.70	10.50	10.50	10.50
91.65	91.55	British Fund	91.60	10.50	10.50	10.50
91.55	91.45	British Fund	91.50	10.50	10.50	10.50
91.45	91.35	British Fund	91.40	10.50	10.50	10.50
91.35	91.25	British Fund	91.30	10.50	10.50	10.50
91.25	91.15	British Fund	91.20	10.50	10.50	10.50
91.15	91.05	British Fund	91.10	10.50	10.50	10.50
91.05	90.95	British Fund	91.00	10.50	10.50	10.50
90.95	90.85	British Fund	90.90	10.50	10.50	10.50
90.85	90.75	British Fund	90.80	10.50	10.50	10.50
90.75	90.65	British Fund	90.70	10.50	10.50	10.50
90.65	90.55	British Fund	90.60	10.50	10.50	10.50
90.55	90.45	British Fund	90.50	10.50	10.50	10.50
90.45	90.35	British Fund	90.40	10.50	10.50	10.50
90.35	90.25	British Fund	90.30	10.50	10.50	10.50
90.25	90.15	British Fund	90.20	10.50	10.50	10.50
90.15	90.05	British Fund	90.10	10.50	10.50	10.50
90.05	89.95	British Fund	90.00	10.50	10.50	10.50
89.95	89.85	British Fund	89.90	10.50	10.50	10.50
89.85	89.75	British Fund	89.80	10.50	10.50	10.50
89.75	89.65	British Fund	89.70	10.50	10.50	10.50
89.65	89.55	British Fund	89.60	10.50	10.50	10.50
89.55	89.45	British Fund	89.50	10.50	10.50	10.50
89.45	89.35	British Fund	89.40	10.50	10.50	10.50
89.35	89.25	British Fund	89.30	10.50	10.50	10.50
89.25	89.15	British Fund	89.20	10.50	10.50	10.50
89.15	89.05	British Fund	89.10	10.50	10.50	10.50
89.05	88.95	British Fund	89.00	10.50	10.50	10.50
88.95	88.85	British Fund	88.90	10.50	10.50	10.50
88.85	88.75	British Fund	88.80	10.50	10.50	10.50
88.75	88.65	British Fund	88.70	10.50	10.50	10.50
88.65	88.55	British Fund	88.60	10.50	10.50	10.50
88.55	88.45	British Fund	88.50	10.50	10.50	10.50
88.45	88.35	British Fund	88.40	10.50	10.50	10.50
88.35	88.25	British Fund	88.30	10.50	10.50	10.50
88.25	88.15	British Fund	88.20	10.50	10.50	10.50
88.15	88.05	British Fund	88.10	10.50	10.50	10.50
88.05	87.95	British Fund	88.00	10.50	10.50	10.50
87.95	87.85	British Fund	87.90	10.50	10.50	10.50
87.85	87.75	British Fund	87.80	10.50	10.50	10.50
87.75	87.65	British Fund	87.70	10.50	10.50	10.50
87.65	87.55	British Fund	87.60	10.50	10.50	10.50
87.55	87.45	British Fund	87.50	10.50	10.50	10.50
87.45	87.35	British Fund	87.40	10.50	10.50	10.50
87.35	87.25	British Fund	87.30	10.50	10.50	10.50
87.25	87.15	British Fund	87.20	10.50	10.50	10.50
87.15	87.05	British Fund	87.10	10.50	10.50	10.50
87.05	86.95	British Fund	87.00	10.50	10.50	10.50
86.95	86.85	British Fund	86.90	10.50	10.50	10.50
86.85	86.75	British Fund	86.80	10.50	10.50	10.50
86.75	86.65	British Fund	86.70	10.50	10.50	10.50
86.65	86.55	British Fund	86.60	10.50	10.50	10.50
86.55	86.45	British Fund	86.50	10.50	10.50	10.50
86.45	86.35	British Fund	86.40	10.50	10.50	10.50
86.35	86.25	British Fund	86.30	10.50	10.50	10.50
86.25	86.15	British Fund	86.20	10.50	10.50	10.50
86.15	86.05	British Fund	86.10	10.50	10.50	10.50
86.05	85.95	British Fund	86.00	10.50	10.50	10.50
85.95	85.85	British Fund	85.90	10.50	10.50	10.50
85.85	85.75	British Fund	85.80	10.50	10.50	10.50
85.75	85.65	British Fund	85.70	10.50	10.50	10.50
85.65	85.55	British Fund	85.60	10.50	10.50	10.50
85.55	85.45	British Fund	85.50	10.50	10.50	10.50
85.45	85.35	British Fund	85.40	10.50	10.50	10.50
85.35	85.25	British Fund	85.30	10.50	10.50	10.50
85.25	85.15	British Fund	85.20	10.50	10.50	10.50
85.15	85.05	British Fund	85.10	10.50	10.50	10.

